
**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025



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Independent Auditors' Report

Board of Directors
Optimist International
St. Louis, Missouri

Opinion

We have audited the consolidated financial statements of Optimist International and Optimist International Youth Programs Foundation, which comprise the consolidated statement of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Optimist International and Optimist International Youth Programs Foundation as of September 30, 2025 and 2024, and the changes in their net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements section of our report. We are required to be independent of Optimist International and Optimist International Youth Programs Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Optimist International and Optimist International Youth Programs Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 auditing standards generally accepted in the United States of America 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 consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Optimist International and Optimist International Youth Programs Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Optimist International and Optimist International Youth Programs Foundation'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.

RubinBrown LLP

April 3, 2026

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	September 30,	
	2025	2024
Cash and cash equivalents	\$ 969,775	\$ 917,927
Investments, carried at cost (Note 3)	2,367,956	2,024,722
Accounts receivable, net (Notes 4 and 8)	62,942	86,810
Promises to give	—	30,000
Due from related parties (Note 12)	93,026	63,963
Prepaid expenses and other current assets	222,458	344,000
Mineral rights asset, net (Note 2)	42,656	47,531
Net pension asset (Note 10)	2,153,794	1,935,194
Assets restricted for Board-designated endowment (Notes 3 and 9)	161,048	152,222
Property held for sale	197,756	197,756
Property and equipment, net (Notes 5, 6, 7 and 8)	16,013	13,897
Right-of-use asset (Note 6)	32,161	44,605
Total Assets	\$ 6,319,585	\$ 5,858,627

Liabilities And Net Assets

Liabilities

Accounts payable	\$ 60,661	\$ 71,787
Accrued expenses and other liabilities	93,464	72,175
Accrued paid time off	97,755	63,148
Due to districts and clubs	52,250	55,061
Deferred revenue	47,070	47,882
Finance lease liability (Note 6)	33,254	45,247
Debt (Note 7)	182,558	229,124
Total Liabilities	567,012	584,424

Net Assets Without Donor Restrictions

Undesignated - general	5,378,849	4,910,970
Board-designated endowment (Note 9)	161,048	152,222
Net investment in property and equipment	212,676	211,011
Total Net Assets Without Donor Restrictions	5,752,573	5,274,203
Total Liabilities And Net Assets	\$ 6,319,585	\$ 5,858,627

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Years	
	Ended September 30,	
	2025	2024
Revenues And Public Support		
Optimist International		
Dues and fees	\$ 3,257,213	\$ 3,305,553
Charter fees	8,341	17,602
Life membership fees	34,397	32,863
International convention	230,201	286,038
Contributions and grants (Note 12)	22,500	22,500
Sales of supplies	6,379	8,594
Interest income	88,940	97,793
Other	135,168	174,437
Youth Programs		
JOI fees	130,857	125,443
Golf tournament	1,583,337	1,315,200
Contributions and grants	226,158	227,930
Merchandise sales	24,188	19,788
Other	13,541	7,182
Total Revenues And Public Support	5,761,220	5,640,923
Expenses		
Program Services		
Club programs	1,349,000	1,296,321
Youth programs	1,481,832	1,211,784
Education and community	734,996	703,936
Meetings	602,528	537,985
Total Program Activities	4,168,356	3,750,026
Supporting Services		
General management	1,072,342	1,185,171
Membership development	163,995	143,300
Total Supporting Services	1,236,337	1,328,471
Total Expenses	5,404,693	5,078,497
Increase In Net Assets From Operations	356,527	562,426
Other Income (Loss)		
Gain (loss) on foreign currency translation	(65,221)	3,698
Other components of net periodic pension cost (Note 10)	133,439	61,078
Pension plan changes other than net periodic benefit cost (Note 10)	53,625	394,096
Total Other Income (Loss)	121,843	458,872
Increase In Net Assets	478,370	1,021,298
Net Assets - Beginning Of Year	5,274,203	4,252,905
Net Assets - End Of Year	\$ 5,752,573	\$ 5,274,203

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2025

	Program Services						Total	General Management	Membership Development	Total
	Club Programs	Youth Programs	Education And Community	Meetings	Community	Meetings				
Salaries and wages	\$ 267,161	\$ 89,206	\$ 483,662	\$ 192,227	\$ 1,032,256	\$ 529,723	\$ 116,143	\$ 1,678,122		
Payroll taxes and employee benefits	69,883	20,089	111,292	43,180	244,444	164,029	29,235	437,708		
Total salaries and related expenses	337,044	109,295	594,954	235,407	1,276,700	693,752	145,378	2,115,830		
Awards	17,568	9,598	—	—	27,166	—	1,794	28,960		
Bad debt expense	—	—	—	—	—	52,892	—	52,892		
Bank/credit card fees	25,668	58,823	—	5,660	90,151	14,858	—	105,009		
Canadian taxes	43	—	—	—	43	1,378	—	1,421		
Conferences, conventions and meetings	1,950	—	7,111	236,316	245,377	6,221	692	252,290		
Depreciation, amortization and depletion	5,722	—	5,766	1,875	13,363	8,043	1,563	22,969		
Dues to districts/friends	54,153	—	—	—	54,153	—	—	54,153		
Golf tournament expenses	—	71,165	—	—	71,165	3,384	—	74,549		
Information technology	1,035	341	37,722	—	39,098	35,465	—	74,563		
Insurance	775,606	—	—	—	775,606	—	—	775,606		
Interest	—	—	—	—	—	11,966	—	11,966		
Occupancy	27,857	—	28,081	9,174	65,112	39,156	7,608	111,876		
Postage/shipping	11,439	3,593	24,388	1,284	40,704	2,921	196	43,821		
Printing	24,012	11,850	19,368	2,607	57,837	25,861	438	84,136		
Professional fees	—	—	—	—	—	95,156	—	95,156		
Supplies, office and other expenses	513	3,248	2,031	471	6,263	1,653	1	7,917		
Telephone	7,393	2,843	9,663	3,114	23,013	13,732	2,700	39,445		
Travel - Junior Golf	—	1,211,076	—	—	1,211,076	—	—	1,211,076		
Travel	58,997	—	5,912	106,620	171,529	65,904	3,625	241,058		
	\$ 1,349,000	\$ 1,481,832	\$ 734,996	\$ 602,528	\$ 4,168,356	\$ 1,072,342	\$ 163,995	\$ 5,404,693		

See the notes to consolidated financial statements.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2024

	Program Services						Total
	Club Programs	Youth Programs	Education And Community	Meetings	Total Management	Membership Development	
Salaries and wages	\$ 265,487	\$ 85,068	\$ 431,282	\$ 164,334	\$ 946,171	\$ 88,229	\$ 1,681,157
Payroll taxes and employee benefits	77,627	22,934	101,195	39,930	241,686	23,874	472,978
Total salaries and related expenses	343,114	108,002	532,477	204,264	1,187,857	112,103	2,154,135
Awards	11,930	13,025	—	—	24,955	1,849	26,804
Bad debt expense	—	—	—	—	—	69,479	69,479
Bank/credit card fees	23,988	46,031	3	7,783	77,805	10,299	88,104
Canadian taxes	11	—	—	10,200	10,211	1,286	11,497
Conferences, conventions and meetings	309	—	—	219,736	220,045	2,136	222,181
Depreciation, amortization and depletion	5,967	—	6,012	1,965	13,944	8,387	23,951
Dues to districts/friends	55,977	—	—	—	55,977	—	55,977
Golf tournament expenses	—	86,776	—	—	86,776	3,492	90,268
Information technology	978	352	34,379	—	35,709	41,646	77,355
Insurance	702,608	—	—	—	702,608	36,655	739,263
Interest	—	—	—	—	—	14,696	14,696
Occupancy	31,259	—	31,510	10,294	73,063	43,938	125,538
Postage/shipping	7,012	1,869	32,012	9,107	50,000	1,635	51,826
Printing	18,105	10,737	21,639	1,620	52,101	1,825	58,461
Professional fees	—	—	—	—	—	24,690	24,690
Supplies, office and other expenses	944	3,346	3,311	81	7,682	1,982	9,729
Telephone	7,695	2,808	9,182	2,926	22,611	13,197	38,276
Travel - Junior Golf	—	938,838	—	—	938,838	—	938,838
Travel	86,424	—	33,411	70,009	189,844	11,932	257,429
	\$ 1,296,321	\$ 1,211,784	\$ 703,936	\$ 537,985	\$ 3,750,026	\$ 1,185,171	\$ 5,078,497

See the notes to consolidated financial statements.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended September 30,	
	2025	2024
Cash Flows From Operating Activities		
Increase in net assets	\$ 478,370	\$ 1,021,298
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation, amortization and depletion	22,969	23,951
Imputed interest on finance lease obligations	1,567	2,031
(Gain) loss on foreign currency translation	65,221	(3,698)
Changes in assets and liabilities:		
Accounts receivable	22,015	6,935
Promises to give	30,000	—
Prepaid expenses and other current assets	119,165	12,662
Net pension asset	(218,600)	(486,711)
Accounts payable	(10,882)	(23,823)
Accrued expenses and other liabilities	21,289	(38,740)
Accrued paid time off	34,607	(158,875)
Deferred revenue	(812)	465
Net Cash Provided By Operating Activities	564,909	355,495
Cash Flows From Investing Activities		
Increase in due from related parties	(29,063)	(19,226)
Proceeds from sale or maturity of investments	3,340,095	1,895,976
Purchases of investments	(3,747,439)	(1,943,452)
Purchases of property and equipment	(7,766)	(10,632)
Net Cash Used In Investing Activities	(444,173)	(77,334)
Cash Flows From Financing Activities		
Increase (decrease) in due to districts	(2,728)	3,277
Payments on finance lease obligations	(13,560)	(13,560)
Repayments of promissory notes payable	(46,566)	(44,299)
Net Cash Used In Financing Activities	(62,854)	(54,582)
Effect Of Exchange Rate Changes On Cash	(6,034)	3,699
Net Increase In Cash And Cash Equivalents	51,848	227,278
Cash And Cash Equivalents - Beginning Of Year	917,927	690,649
Cash And Cash Equivalents - End Of Year	\$ 969,775	\$ 917,927
Supplemental Cash Flow Information		
Interest paid	\$ 10,399	\$ 12,665

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025 And 2024

1. Operations

The purpose of Optimist International is to foster an optimistic way of life through a network of Optimists, dedicated to the full development of their potential in order to provide ever-expanding service to youth, the community, and the world.

Optimist International Youth Programs Foundation (Youth Programs) was founded in 1996 to provide educational, cultural, recreational and social benefits to minors through the sponsorship of activities and programs, which foster the development of good character and sportsmanship.

Optimist International and Optimist International Youth Programs Foundation (collectively, Optimist) is supported primarily by membership dues and fees.

2. Summary Of Significant Accounting Policies

Principles Of Consolidation

The accompanying consolidated financial statements include the accounts of Optimist International and Youth Programs. Youth Programs is controlled by Optimist International, resulting in consolidation in these financial statements. All transactions and balances between Optimist International and Youth Programs have been eliminated in consolidation.

The accounts of the 50 administrative districts and 1,525 and 1,636 clubs for the years ended September 30, 2025 and 2024, respectively, are not combined with the accounts of Optimist, since the administrative districts and clubs control their own assets.

Basis Of Accounting

The accompanying consolidated financial statements of Optimist have been prepared on the accrual basis of accounting.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Basis Of Presentation

Optimist follows accounting standards set by the Financial Accounting Standards Board. Financial statements of not-for-profit organizations measure net assets and net asset activity based on the absence or existence of donor imposed restrictions. Net assets are reported as without donor restrictions and with donor restrictions. Optimist does not have any net assets with donor restrictions at September 30, 2025 or 2024.

Estimates And Assumptions

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Operating And Nonoperating Activity

Operating results in the consolidated statement of activities reflect all transactions except foreign currency translation adjustments, pension plan adjustments, and nonrecurring revenues and expenses.

Cash And Cash Equivalents

Optimist considers all temporary cash investments with an original maturity date less than three months from the date of purchase as cash equivalents.

Optimist invests its cash with financial institutions with strong credit ratings. At times, such balances may be in excess of Federal Deposit Insurance Corporation insurance limits of \$250,000 per financial institution and Canada Deposit Insurance Corporation insurance limits of \$100,000 Canadian dollars per financial institution. At September 30, 2025, approximately \$676,000 is uninsured.

Investments And Assets Restricted For Board-Designated Endowment

Investments are reported at fair value based on quoted market prices of major securities exchanges, except for investments in guaranteed investment certificates and certificates of deposit, which are reported at cost plus accrued interest, which approximates fair value.

Assets restricted for Board-designated endowment include an interest in investments held by Optimist International Foundation.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

Gains and losses on investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statement of financial position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding. The carrying amount is reduced by a valuation allowance, through a charge to earnings, that reflects management's best estimate of amounts that will not be collected. This assessment considers historical experience, current conditions, and when appropriate, reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Optimist provides for an allowance for credit losses on its accounts receivable. To estimate the current expected credit losses, receivables have been grouped based on the historical collection experience, aging of receivables, and other economic and industry factors. The allowance is determined by applying an expected credit loss percentage to the carrying value of the assets by categories. The percentages, which are updated at least annually, are based on the historical experience, and may be adjusted to the extent that future results are expected to differ from past experience. Additionally, the allowance is also adjusted due to the changes in the collectability assessment of individual balances.

The following is a summary of the allowance for current expected credit losses for the year ended September 30, 2025:

Balance - October 1, 2024	\$ 66,433
Provision for current expected credit losses	<u>(11,172)</u>
Balance - September 30, 2025	<u><u>\$ 55,261</u></u>

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Promises To Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, that is, those with measurable performance or other barriers, are recognized as support when the conditions upon which they depend are met.

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. The balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give. No allowances were deemed necessary at September 30, 2025 or 2024.

All promises to give are expected to be received in less than one year.

Mineral Rights Asset

Optimist received a donation of mineral rights below the surface of 13 acres of land in Midland, TX. The mineral rights have been valued at \$7,500 per acre, for a total value of \$97,500. These mineral rights are being depleted over an estimated extraction period of 20 years using a straight-line method. Depletion expense amounted to \$4,875 in both 2025 and 2024. Accumulated depletion on these mineral rights was \$54,844 and \$49,969 at September 30, 2025 and 2024, respectively.

Property And Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization computed using the straight-line method over periods ranging from 5 to 40 years.

Optimist reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. No impairment loss has been recognized in 2025 or 2024.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Property Held For Sale

Property held for sale includes land and building that Optimist utilizes in operations, but was available for sale at September 30, 2025 and 2024. This property is stated at cost, including improvements, less accumulated depreciation through the date the property was available for sale.

As of the date of the Independent Auditors Report, Optimist is under contract for the purchase of Optimist's property held for sale, which is subject to several contingencies.

Leases

Optimist accounts for its lease arrangement in accordance with ASC Topic 842, *Leases*. As further described in Note 6, Optimist maintains a lease of commercial printers. Lease right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. Optimist does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the non-cancellable portion of the underlying leases. No leases currently contain renewal periods stated in the lease. Optimist has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

As most leases do not provide an implicit discount rate, Optimist has made an election available to private companies that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

Optimist does not separate non-lease components of a contract from the lease components to which they relate.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Revenues And Deferred Revenue

Disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue streams are as following:

Dues And Fees

Dues and fees consist of membership dues collected from Optimist members, annual fees collected from Friends of Optimist (Friends), and processing fees. Dues and fees, which are nonrefundable, are considered exchange transactions based on the value of benefits provided to members. The payment of the membership fee constitutes the contract with the member.

Membership dues are billed quarterly to each Optimist Club based on the number of members. The dues structure is based on the United Nation's designation and categorized into either developed or developing countries. Optimist Clubs receive membership benefits including branding rights, insurance, administrative support, leadership training, and a variety of online resources. Membership dues are recognized as revenue over the course of the quarter for which the membership benefits are provided.

Annual fees for Friends are billed annually. Annual fees are recognized as revenue at the point in time a new Friend joins.

Processing fees relate to a one-time fee for each new member added to a Club. Optimist bills and recognizes revenue for processing fees at the point in time a new member is reported on the Club roster.

Charter Fees

Charter fees relate to a one-time fee for chartering a new Club. Charter fees are recognized as revenue at the point in time a new Club is created and supplies are provided to the Club.

Life Membership Fees

Life membership fees relate to a one-time fee members can pay to receive reduced quarterly membership dues for life. Life membership fees are recognized as revenue at the point in time a member enrolls as a life member.

Junior Optimist International (JOI) Fees

JOI fees consist primarily of membership dues and registration fees for JOI Clubs.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

JOI membership dues are billed annually to each JOI Club based on the number of members. Only the first 50 members of each JOI Club pay membership dues. JOI Clubs receive membership benefits including branding rights, postage, supplies, district officer newsletters, Club mailings, recruitment and training videos, board meetings, member newsletter, training modules, and the International Convention. JOI membership dues are recognized as revenue over the course of the year for which benefits are provided. JOI membership dues collected in advance and are recorded as deferred revenue.

JOI registration fees relate to a one-time fee for chartering a new JOI Club. JOI registration fees are recognized as revenue at the point in time a new JOI Club is created and supplies are provided to the JOI Club.

International Convention

International convention revenues consist primarily of registration fees, special event fees, and sales of merchandise. Revenues are recognized at the point in time the event occurs and/or when the products are sold. Registration fees and special event fees collected in advance of the event are recorded as deferred revenue.

Golf Tournament

Golf revenues relate to registration fees and event fees for the annual golf tournament hosted by Youth Programs. Registration fees and event fees are recognized at the point in time the event occurs. Fees related to earned revenue that are collected in advance of the event are recorded as deferred revenue.

Merchandise Sales

Merchandise sales are recognized as revenue at the point in time the products are sold.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

The following table provides opening and closing balances of gross accounts receivable derived from program revenue:

	<u>October 1, 2023</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>
Dues and fees	\$ 110,151	\$ 106,394	\$ 96,678

The following table provides opening and closing balances of deferred revenue derived from program revenue:

	<u>October 1, 2023</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>
Golf tournament	\$ 43,739	\$ 47,522	\$ 47,420

Public Support

Optimist reports contributions as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions. Optimist reports donor restricted contributions as without donor restriction if Optimist meets the donor restrictions in the same period as receipt of the contributions, regardless of whether the related cash has been received.

Foreign Exchange

The accounts held in Canadian funds, primarily cash and cash equivalents, investments, accounts receivable, accounts payable and accrued expenses, are included in the consolidated financial statements after translation at appropriate rates of exchange. Gains resulting from such translation are included in gain on foreign currency translation on the consolidated statement of activities. Translation loss was \$65,221 for the year ended September 30, 2025. A translation gain of \$3,698 was recognized for the year ended September 30, 2024.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying consolidated financial statements:

Programs - Club Programs - Optimist International is an association which provides operational support to 1,525 Optimist Clubs around the world dedicated to “bringing out the best in youth, in their communities, and in themselves.” Adult volunteers join Optimist Clubs to conduct positive service projects in their communities aimed at providing a helping hand to youth. With their upbeat attitude, Optimist Club members help empower young people to be the best that they can be. Each Optimist Club determines the needs of the young people in its community and conducts programs to meet those needs. Every year, optimists conduct 65,000 service projects and serve well over five million people.

Programs - Youth Programs - Youth Programs provide educational, cultural, literary, recreational and social benefits to minors through the sponsorship of activities and programs which foster the development of good character and sportsmanship and the education and cultural development of minors, and to prevent and alleviate the cruelty to and abuse of minors.

Programs - Education and Community - Includes the costs of supporting present and future leadership by providing education and community support for Optimist members through various training opportunities throughout the fiscal year. The quarterly magazine is an educational tool used by Optimist to educate its members on the value of community service. Each member receives a copy of the magazine. The magazine contains articles, international goodwill, fundraising, leadership development, youth leadership, and a variety of other topics that encourage members on the benefits of performing community service in their local communities that benefit youth.

Another emphasis is the development of leadership educational materials for Optimist’s clubs, districts and international officers. Optimist focuses efforts on educating club officers on how to lead and operate a club, educate Governors on how to lead and operate a District and to educate the International Board of Directors on how to lead the international organization. With effective leadership at all levels, the mission and function of Optimist Clubs and Optimist “to bring out the best in youth, their communities and themselves” can be carried out effectively.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

For over 100 years, Optimist has been building and developing leaders at all levels, offering a unique brand of leadership through the service to others. Optimist sponsors various programs for youth that can help change their lives. The JOI Program provides opportunities for youth to individually and collectively participate in community service activities, develop leadership abilities, learn respect for the law, work for international accord and friendship among all people, and build an active interest in good government and civic affairs.

Programs - Meetings - Includes the costs for the International Convention, which is held annually and brings together over 600 members and guests to inspire and inform of Optimist's programs and activities during the past year and highlight upcoming activities. Workshops, educational sessions, dynamic educational speakers, and motivational events are the focus of the event.

General Management - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of Optimist's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of Optimist; provide advertising and marketing support for admissions and special programs; provide membership support; and manage the financial and budgetary responsibilities of Optimist.

Membership Development - Includes the costs of soliciting prospective members and membership dues, strengthening member relations and other similar activities.

Functional Expense Allocation

Expenses are charged to programs and supporting activities on the basis of management's estimates of how resources are utilized. Salaries and related expenses are charged to program services and supporting activities on the basis of time and expense studies. Expenses such as occupancy are charged to program services and supporting services on the salary allocation. Other expenses are charged directly to program services and supporting services based on the nature of the expenditure. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Optimist.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

Tax Status

Optimist International has received a favorable determination letter from the Internal Revenue Service and is exempt from federal income taxes on related, exempt income under the provisions of Code Section 501(c)(4). Youth Programs has received a favorable determination letter from the Internal Revenue Service for exemption from federal income taxes on related, exempt income under the provisions of Code Section 501(c)(3).

Subsequent Events

Management has evaluated subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

3. Investments And Assets Restricted For Board-Designated Endowment

Investments consist of:

	<u>2025</u>	<u>2024</u>
Guaranteed investment certificates	\$ 2,282,374	\$ 1,942,593
Certificate of deposit	85,582	82,129
	<u>\$ 2,367,956</u>	<u>\$ 2,024,722</u>

Investments are carried at cost plus accrued interest, which approximates fair value.

Assets restricted for Board-designated endowment are comprised of Optimist's interest in the investments held by Optimist International Foundation. At September 30, 2025 and 2024, \$161,048 and \$152,222, respectively, was held. The composition of these investments is a portfolio of mutual funds, including growth funds, growth and income funds, balanced funds, and fixed income funds.

In accordance with generally accepted accounting principles, the major categories of financial assets and liabilities must be measured at fair value on a recurring basis during the years ended September 30, 2025 and 2024 using quoted prices in active markets (Level 1); significant observable inputs for similar assets and liabilities (Level 2); and significant unobservable inputs (Level 3). Investments held by Optimist International Foundation carried at fair value above are measured as Level 1 for fair value purposes.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

During 2025 and 2024, there were no changes in the methods and/or assumptions utilized to derive the fair value of Optimist's assets.

4. Accounts Receivable

Accounts receivable consist of:

	<u>2025</u>	<u>2024</u>
Accounts receivable from clubs	\$ 96,678	\$ 106,394
Other receivables	21,525	46,849
Allowance for credit losses	(55,261)	(66,433)
	<u>\$ 62,942</u>	<u>\$ 86,810</u>

5. Property And Equipment

Property and equipment consist of:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 1,037,018	\$ 1,029,251
Less: Accumulated depreciation and amortization	1,021,005	1,015,354
	<u>\$ 16,013</u>	<u>\$ 13,897</u>

Depreciation and amortization expense amounted to \$5,650 and \$6,632 for the years ended September 30, 2025 and 2024, respectively.

6. Leases

During 2023, Optimist entered into a finance lease agreement for printers and copiers that expires in 2028. There are no renewal options. Optimist does not have any short-term lease costs.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

The components of lease costs for the years ended September 30, 2025 and 2024 are as follows:

Finance Lease Costs	Classification	<u>2025</u>	<u>2024</u>
Amortization of ROU asset	<i>Depreciation, amortization and depletion</i>	\$ 12,444	\$ 12,444
Interest	<i>Interest</i>	1,567	2,031
		<u>\$ 14,011</u>	<u>\$ 14,475</u>

Supplemental cash flow and other information related to leases for the years ended September 30, 2025 and 2024 are as follows:

Cash Flow Information	<u>2025</u>	<u>2024</u>
Cash paid for finance leases included in operating activities	\$ 1,567	\$ 2,031
Cash paid for finance leases included in financing activities	13,560	13,560
 Other Information		
Remaining term - finance lease	2.58 years	3.58 years
Discount rate - finance lease	3.94%	3.94%

Undiscounted cash flows for each of the next five years of the lease reconciled to the liabilities recorded on the consolidated statement of financial position is as follows:

<u>Year</u>	<u>Finance Lease</u>
2026	\$ 13,560
2027	13,560
2028	7,910
Total minimum lease payments	<u>35,030</u>
Less: Amount of lease payments representing interest	<u>1,776</u>
 Present value of future minimum lease payments	 <u>\$ 33,254</u>

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

7. Debt

On April 1, 2008, Optimist International entered into a promissory note agreement with Optimist International Foundation for the purpose of funding Optimist International's defined benefit pension plan. The promissory note, which is secured by a deed of trust and security agreement on Optimist International's office building in St. Louis, Missouri, had an original principal balance of \$730,000, an interest rate of 6.97% and matures in 2028. Beginning January 1, 2014, the terms of the promissory note were modified and the interest rate changed to a fixed rate of 5% per annum. The promissory note does not have a prepayment penalty. As of September 30, 2025 and 2024, the promissory note had an outstanding balance of \$182,558 and \$229,124, respectively.

The future minimum principal payments on the promissory note are as follows:

Year	Amount
2026	\$ 48,948
2027	51,453
2028	54,085
2029	28,072
	<u>\$ 182,558</u>

For the years ended September 30, 2025 and 2024, interest expense related to the promissory note amounted to \$10,399 and \$12,665, respectively.

8. Line Of Credit

Optimist maintains a line-of-credit agreement with a financial institution. Optimist is permitted to borrow up to \$150,000 on the line of credit. The line of credit bears interest at the financial institution's prime rate plus 2.30% (9.55% at September 30, 2025) and terminates on April 8, 2026. The line of credit is secured by an interest in Optimist's inventory, accounts receivable and equipment.

As of September 30, 2025 and 2024, no amount is due under the line-of-credit agreement. No interest expense was incurred in 2025 or 2024.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

9. Board-Designated Endowment Fund

As required by accounting standards, 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. Optimist's endowment is comprised of funds designated by the Board of Directors to be held in perpetuity. Therefore, all endowment funds are considered without donor restrictions.

Optimist has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results favorable to returns of benchmarks comparable for each particular investment vehicle.

Examples of such benchmarks include:

- S&P 500
- Russell 2000
- MSCI EAFE
- Barclay's Aggregate Bond
- Blend of indices

To satisfy its long-term rate-of-return objectives, Optimist relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Optimist targets a diversified asset allocation that places a greater emphasis on equity and bond mutual funds to achieve its long-term return objectives within prudent risk constraints.

Optimist has a policy of appropriating for distribution each year the lesser of 5% (net of fees) of the fund's fair value or 90% of the amount earned by the fund (net of fees) during the previous fiscal year. In establishing this policy, Optimist considered the long-term expected return on its endowments.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

Optimist had the following endowment funds without donor restrictions:

	<u>2025</u>	<u>2024</u>
Board-designated endowment funds	<u>\$ 161,048</u>	<u>\$ 152,222</u>

Changes in the endowment fund are as follows:

	<u>Without Donor Restrictions</u>
Balance - October 1, 2023	\$ 142,771
Contributions to Board-designated endowment	3,926
Investment return	<u>5,525</u>
Balance - September 30, 2024	152,222
Contributions to Board-designated endowment	4,737
Investment return	<u>4,089</u>
Balance - September 30, 2025	<u>\$ 161,048</u>

10. Retirement Plans

Defined Benefit Pension Plans

Optimist has a noncontributory defined benefit pension plan (pension plan) covering all U.S. employees who qualified for the plan as of September 30, 1997.

Additionally, a nonqualified supplemental pension plan (supplemental plan) was adopted in 1992. The supplemental plan originally covered seven employees and is intended to provide a supplement to the employees' retirement benefits, which were reduced as a result of certain Employee Retirement Income Security Act of 1974 (ERISA) amendments.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

Pension cost is determined based upon years of service and compensation levels. Pension cost was determined using the projected unit credit method. Prior year service costs are amortized over 15 years, which represents the average remaining service period of employees. The pension plan and supplemental plan are measured for the current fiscal year at October 1, 2024. Optimist's funding policy is to make, as a minimum contribution, the equivalent of the minimum required by the ERISA. No contributions were made to the pension plan in 2025 or 2024. Benefit accounts were frozen as of September 30, 1997.

The following tables summarize the accumulated benefit obligation, the fair value of plan assets and the funded status at the measurement dates of September 30, 2025 and 2024, as estimated by the consulting actuary:

	2025		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Change In Benefit Obligation			
Benefit obligation at beginning of year	\$ 1,570,038	\$ 122,549	\$ 1,692,587
Interest cost	70,774	5,176	75,950
Actuarial loss	31,699	17,888	49,587
Benefits paid	(192,763)	(31,536)	(224,299)
Benefit obligation at end of year	1,479,748	114,077	1,593,825
Change In Plan Assets			
Fair value of plan assets at beginning of year	3,627,781	—	3,627,781
Actual gain on plan assets	312,601	—	312,601
Employer contribution	—	31,536	31,536
Benefits paid	(192,763)	(31,536)	(224,299)
Fair value of plan assets at end of year	3,747,619	—	3,747,619
Funded status	\$ 2,267,871	\$ (114,077)	\$ 2,153,794

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

	2024		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Change In Benefit Obligation			
Benefit obligation at beginning of year	\$ 1,563,077	\$ 131,007	\$ 1,694,084
Interest cost	82,555	6,536	89,091
Actuarial (gain) loss	115,500	16,542	132,042
Benefits paid	(191,094)	(31,536)	(222,630)
Benefit obligation at end of year	1,570,038	122,549	1,692,587
Change In Plan Assets			
Fair value of plan assets at beginning of year	3,142,567	—	3,142,567
Actual gain on plan assets	676,308	—	676,308
Employer contribution	—	31,536	31,536
Benefits paid	(191,094)	(31,536)	(222,630)
Fair value of plan assets at end of year	3,627,781	—	3,627,781
Funded status	\$ 2,057,743	\$ (122,549)	\$ 1,935,194

The net funded status of the pension plan and the supplemental pension plan has been recorded as an asset on Optimist's consolidated statement of financial position at September 30, 2025 and 2024.

The supplemental pension plan is currently unfunded and will be funded by Optimist as benefits are due to participants. Expected contributions in 2025 are \$29,000.

The following is a summary of the components of net periodic pension cost for the years ended September 30, 2025 and 2024:

	2025		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Interest cost	\$ 70,774	\$ 5,176	\$ 75,950
Expected return on plan assets	(247,470)	—	(247,470)
Net amortization	24,302	13,779	38,081
Other components of net periodic pension cost	\$ (152,394)	\$ 18,955	\$ (133,439)

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

	2024		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Interest cost	\$ 82,555	\$ 6,536	\$ 89,091
Expected return on plan assets	(213,575)	—	(213,575)
Net amortization	51,820	11,586	63,406
Other components of net periodic pension cost	\$ (79,200)	\$ 18,122	\$ (61,078)

Components of net periodic pension cost other than service cost are presented separately in the consolidated statement of activities, while any service cost would be included within employee benefits.

Amounts recognized on the consolidated statement of activities for pension-related changes other than net periodic pension cost consist of the following:

	2025		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Current year actuarial gain	\$ (24,302)	\$ (13,779)	\$ (38,081)
Amortization of actuarial (gain) loss	(33,432)	17,888	(15,544)
	\$ (57,734)	\$ 4,109	\$ (53,625)

	2024		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Current year actuarial gain	\$ (51,820)	\$ (11,586)	\$ (63,406)
Amortization of actuarial (gain) loss	(347,232)	16,542	(330,690)
	\$ (399,052)	\$ 4,956	\$ (394,096)

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

Amounts expected to be reflected in net periodic benefit cost (excluding the period service cost, interest cost and return on plan assets) in the year ending September 30, 2025:

	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Net prior service cost	\$ —	\$ —	\$ —
Net amortization	24,302	13,779	38,081
Transition obligation	—	—	—
	<u>\$ 24,302</u>	<u>\$13,779</u>	<u>\$ 38,081</u>

Six former employees of Optimist International Foundation are also participants in the pension plan. Optimist International Foundation has agreed to fund a pro-rata portion (for the former employees of Optimist International Foundation as a percentage of the total participants in the pension plan) of the contributions made to the plan by Optimist on an annual basis. Pursuant to the terms of the agreement, Optimist International Foundation is only liable for the portion of the annual contribution as calculated by Optimist and does not have any obligation, guaranty or warranty to fund any current or future deficits or shortfalls in the pension plan. Conversely, Optimist International Foundation does not retain any residual rights to receive any excess assets remaining in the pension plan upon liquidation. There were no contributions from Optimist International Foundation in 2025 or 2024.

The following table sets forth the weighted average assumptions used to determine net period pension cost and benefit obligations as of September 30, 2025 and 2024:

	2025		2024	
	Defined Benefit Pension Plan	Supplemental Pension Plan	Defined Benefit Pension Plan	Supplemental Pension Plan
Weighted-average assumptions used to determine benefit obligations at September 30:				
Discount rate	5.21%	5.21%	4.79%	4.79%
Rate of compensation increase	N/A	N/A	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit costs for the years ended September 30:				
Discount rate	5.21%	5.21%	4.79%	4.79%
Expected long-term return on plan assets	7.00%	N/A	7.00%	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

The benefits expected to be paid in each year from 2026 through 2030 and thereafter are as follows:

Year	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
2026	\$ 184,000	\$ 29,000	\$ 213,000
2027	176,000	24,000	200,000
2028	164,000	19,000	183,000
2029	153,000	15,000	168,000
2030	140,000	12,000	152,000
2031-2035	538,000	27,000	565,000
	\$ 1,355,000	\$ 126,000	\$ 1,481,000

Management has estimated, based on actuarial information, that no contribution was required for the defined benefit pension plan for the year ended September 30, 2025.

The pension plan assets are placed with money managers recommended by the pension plan's consultant. The Pension Committee reviews the performance of the managers on an ongoing basis and meets at least annually with the consultant. The expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term period. Expectations of returns for each asset class are based on comprehensive reviews of historical data and economic/financial market theory.

At September 30, 2025 and 2024, the asset allocation goal of the defined benefit pension plan assets has been approximately 60% equity securities and 40% fixed income. The assets are to be invested in conservative, well-known vehicles traded on established U.S. exchanges.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

The fair value of defined benefit pension plan assets by asset category are as follows:

Asset Category	Fair Value Measurements At September 30, 2025			Total
	Quoted Prices In Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 663,817	\$ —	\$ —	\$ 663,817
Mutual funds:				
Mid-cap value	140,054	—	—	140,054
Mid-cap growth	267,041	—	—	267,041
Large-cap value	434,138	—	—	434,138
Large-cap growth	603,333	—	—	603,333
Large-cap blend	969,000	—	—	969,000
Multisector bond	321,467	—	—	321,467
High-yield bond	348,769	—	—	348,769
	\$ 3,747,619	\$ —	\$ —	\$ 3,747,619

Asset Category	Fair Value Measurements At September 30, 2024			Total
	Quoted Prices In Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 675,208	\$ —	\$ —	\$ 675,208
Mutual funds:				
Mid-cap value	143,870	—	—	143,870
Mid-cap growth	289,022	—	—	289,022
Large-cap value	429,456	—	—	429,456
Large-cap growth	564,420	—	—	564,420
Large-cap blend	863,275	—	—	863,275
Multisector bond	318,600	—	—	318,600
High-yield bond	343,930	—	—	343,930
	\$ 3,627,781	\$ —	\$ —	\$ 3,627,781

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Defined Contribution Plans

Optimist has established a defined contribution 401(k) plan for its U.S. employees whereby Optimist makes matching contributions of up to 6% of the salary of each eligible employee. Optimist's contribution to the plan amounted to \$77,750 and \$91,970 in 2025 and 2024, respectively.

Effective October 1, 1999, Optimist established a defined contribution Registered Retirement Savings Plan to replace the previously terminated defined benefit plan for its Canadian employees. No contributions were made to the plan in 2025 or 2024.

11. General Liability Insurance

Optimist maintains general liability insurance coverage for itself, all member districts and clubs in the total amount of \$10,000,000 per occurrence and aggregate. The insurance costs are reported separately in the consolidated financial statements.

12. Related Party Transactions

Due from related parties consist of:

	<u>2025</u>	<u>2024</u>
Due from Optimist International Foundation	\$ 76,596	\$ 54,443
Due from Canadian Children's Optimist Foundation	16,430	9,520
	<u>\$ 93,026</u>	<u>\$ 63,963</u>

Optimist International Foundation and Canadian Children's Optimist Foundation reimburse Optimist for certain payments of payroll, as well as for other administrative charges and services. Additional administrative services are provided without charge.

Optimist International Foundation and Canadian Children's Optimist Foundation also provide grants to Optimist for various programs. The grants to Optimist totaled \$168,221 and \$203,504 for the years ended September 30, 2025 and 2024, respectively.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

13. Contingencies

Optimist International enters into contracts with hotels for the annual convention and other meeting events significantly earlier than the scheduled dates of the events. Such contracts typically allow for a reduction, at a predetermined percent, of the original contract amount. However, in the circumstance that such a contract is cancelled, a penalty is usually assessed at a percentage of the original contract amount based on the date of cancellation and the date of the event. As of September 30, 2025, no such cancellations are expected.

Optimist is involved in various claims, proceedings, and legal actions. These actions can involve claims for compensatory or punitive damages, as well as other types of relief. While the ultimate resolution of claims, proceedings, or legal action cannot be predicted with certainty, management, based on consultation with outside counsel, does not believe that any such claim, proceeding, or legal action, either alone or in the aggregation, will have a material adverse effect on the consolidated financial position of Optimist, but could be material to its changes in net assets or cash flows in one or more future years.

14. Risks And Uncertainties

Optimist derives the majority of its revenue from membership dues and fees. Membership in the organization may fluctuate based upon larger cultural and economic trends, such as significant downturns in the economy. Due to the level of risk associated with declines in membership of Optimist, it is at least reasonably possible that declines in membership revenue will occur in the short term and that such changes could materially affect amounts reported in the consolidated statement of activities.

15. Employment Agreement

Optimist has executed an employment agreement with a key officer. The terms of the agreement run through September 30, 2027, and include provisions regarding compensation, benefits and effects of termination.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

16. Liquidity And Availability Of Resources

Optimist's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 969,775	\$ 917,927
Investments	2,367,956	2,024,722
Accounts receivable, net	62,942	86,810
Promises to give	—	30,000
Due from related parties	93,026	63,963
	<u>\$ 3,493,699</u>	<u>\$ 3,123,422</u>

Optimist's financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the consolidated statement of financial position. As part of Optimist's liquidity management, it regularly monitors liquidity required to meet its operating needs. To help manage unanticipated liquidity needs, Optimist has a line of credit, as described in Note 8, which it could draw upon if needed. In addition, if necessary, the Board of Directors could un-designate investments to meet cash flow needs.

Independent Auditors' Report On Supplementary Information

Board of Directors
Optimist International
St. Louis, Missouri

We have audited the consolidated financial statements of Optimist International and Optimist International Youth Programs Foundation as of and for the years ended September 30, 2025 and 2024, and have issued our report thereon dated April 3, 2026, which expressed an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedules of consolidated revenues, expenditures, and comparison with budget and changes in membership and officers and directors, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

April 3, 2026

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

SCHEDULE OF CONSOLIDATED REVENUES, EXPENDITURES AND COMPARISON WITH BUDGET

For The Years Ended September 30, 2025 And 2024

	2025		2024		Favorable (Unfavorable)	Budget	Actual	Budget	Favorable (Unfavorable)
	Actual	Budget	Actual	Budget					
Revenues									
Optimist International									
Dues and fees	\$ 3,257,213	\$ 3,294,170	\$ (36,957)	\$ 3,305,553	\$ 3,353,600	\$ (48,047)			
Charter fees	8,341	22,000	(13,659)	17,602	33,000	(15,398)			
Life membership fees	34,397	29,331	5,066	32,863	30,875	1,988			
International convention	230,201	244,170	(13,969)	286,038	290,800	(4,762)			
Grants		22,500	—	22,500	22,500	—			
Income from sales of supplies	6,379	21,000	(14,621)	8,594	11,500	(2,906)			
Interest income	88,940	105,000	(16,060)	97,793	62,000	35,793			
Other	135,168	206,900	(71,732)	174,437	191,500	(17,063)			
Youth Programs									
JOI fees	130,857	143,100	(12,243)	125,443	69,500	55,943			
Golf	1,583,337	1,601,762	(18,425)	1,315,200	1,319,312	(4,112)			
Contributions and grants	226,158	193,418	32,740	227,930	190,500	37,430			
Merchandise sales	24,188	22,000	2,188	19,788	21,000	(1,212)			
Other	13,541	1,502	12,039	7,182	3,002	4,180			
Total Revenues	5,761,220	5,906,853	(145,633)	5,640,923	5,599,089	41,834			
Expenditures									
Allocated dues to districts	32,420	16,000	(16,420)	30,643	25,000	(5,643)			
Club insurance premiums	775,606	792,735	17,129	739,263	730,700	(8,563)			
Growth and member services	181,579	356,229	174,650	235,594	386,423	150,829			
Membership development	364,957	388,012	23,055	348,328	385,026	36,698			
Communication	247,576	282,060	34,484	205,880	275,511	69,631			
Meeting services	150,002	154,215	4,213	146,005	147,781	1,776			
International convention	219,180	261,568	42,388	207,517	271,215	63,698			
Canadian office services	5,195	9,100	3,905	8,419	18,950	10,531			
Building maintenance	112,024	122,950	10,926	251,487	244,894	(6,593)			
Finance, administration, information services and facilities	953,916	978,500	24,584	969,500	1,071,817	102,317			
Loss on uncollectible accounts receivable	52,892	60,000	7,108	69,479	53,400	(16,079)			
Executive director department	406,879	417,559	10,680	232,752	229,844	(2,908)			
Board and officers	116,088	161,075	44,987	122,180	155,410	33,230			
Committees	3,936	14,600	10,664	3,857	16,425	12,568			
JOI programs	182,597	186,551	3,954	175,029	192,088	17,059			
Youth Programs expenses	1,564,911	1,697,234	132,323	1,293,917	1,416,184	122,267			
Capital improvements	7,766	500	(7,266)	10,632	500	(10,132)			
Interest expense	11,966	11,899	(67)	14,696	14,165	(531)			
Pension contributions	31,536	34,000	2,464	31,536	34,000	2,464			
Total Expenditures	5,421,026	5,944,787	523,761	5,096,714	5,669,333	572,619			
Gain On Foreign Currency Translation	(65,221)	—	(65,221)	3,698	—	3,698			
Excess (Deficiency) Of Revenues Over Expenditures	\$ 274,973	\$ (37,934)	\$ 312,907	\$ 547,907	\$ (70,244)	\$ 618,151			

See the independent auditors' report on supplementary information.

