

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019**

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2019**

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## Independent Auditor's Report



Board of Directors  
Big Brothers Big Sisters of South Texas, Inc.  
San Antonio, Texas

We have audited the accompanying financial statements of Big Brothers Big Sisters of South Texas, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities and functional expenses for the year ended December 31, 2019, the related statements of cash flows for the years ended December 31, 2019 and 2018, and the related notes to the financial statements.

### Management's Responsibility 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; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of South Texas, Inc. as of December 31, 2019 and 2018, and the changes in its net assets for the year ended December 31, 2019, and its cash flows for the years ended December 31, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Big Brothers Big Sisters of South Texas, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sagebiel, Ravenburg & Schuh, P.C.*

San Antonio, Texas  
March 26, 2020

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**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2019 and 2018**

<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,084,565	\$ 606,581
Accounts receivable	150,436	186,407
Unconditional promises to give due within one year, net of allowance for uncollectible pledges and discounts	104,180	146,051
Prepaid expenses	<u>17,497</u>	<u>15,669</u>
Total current assets	<u>1,356,678</u>	<u>954,708</u>
<b>Investments</b>	<u>747,099</u>	<u>1,045,424</u>
<b>Property and equipment:</b>		
Land, building, and improvements	2,827,066	2,820,566
Furniture and equipment	402,677	393,072
Less accumulated depreciation	<u>(373,842)</u>	<u>(252,111)</u>
Property and equipment, net	<u>2,855,901</u>	<u>2,961,527</u>
<b>Other assets:</b>		
Deposits	2,560	1,060
Cash and investments designated for deferred maintenance	285,590	296,151
Unconditional promises to give, net of allowance for uncollectible pledges and discounts	<u>56,698</u>	<u>133,348</u>
Total other assets	<u>344,848</u>	<u>430,559</u>
 Total assets	 <u>\$ 5,304,526</u>	 <u>\$ 5,392,218</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 24,681	\$ 28,101
Accrued expenses	<u>99,019</u>	<u>79,052</u>
Total current liabilities	<u>123,700</u>	<u>107,153</u>
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	1,774,267	1,742,857
Invested in fixed assets	2,855,901	2,961,527
Designated by the board for deferred maintenance	<u>285,590</u>	<u>296,151</u>
Total net assets without donor restrictions	<u>4,915,758</u>	<u>5,000,535</u>
With donor restrictions:		
Restricted for Capital Campaign	106,400	210,031
Purpose-restricted, other than Capital Campaign	78,069	39,782
Time-restricted for future fiscal years	<u>80,599</u>	<u>34,717</u>
Total net assets with donor restrictions	<u>265,068</u>	<u>284,530</u>
Total net assets	<u>5,180,826</u>	<u>5,285,065</u>
 Total liabilities and net assets	 <u>\$ 5,304,526</u>	 <u>\$ 5,392,218</u>

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

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2019**

(With Comparative Totals for the Year Ended December 31, 2018)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
<b>Public support and revenue:</b>				
Public support:				
Special events:				
Gross revenue	\$ 458,059	\$ -	\$ 458,059	\$ 616,506
Less direct expenses	<u>(123,635)</u>	<u>-</u>	<u>(123,635)</u>	<u>(114,339)</u>
Net special events support	334,424	-	334,424	502,167
United Way of San Antonio and Bexar County	254,582	-	254,582	201,827
United Way - other	47,865	-	47,865	55,008
Contributions	444,379	347,480	791,859	736,620
In-kind	<u>14,557</u>	<u>-</u>	<u>14,557</u>	<u>3,305</u>
Total public support	<u>1,095,807</u>	<u>347,480</u>	<u>1,443,287</u>	<u>1,498,927</u>
Revenue:				
Cost reimbursement grants from governmental and other agencies:				
U.S. Department of Justice	327,009	-	327,009	238,690
Texas Dept. of Family and Protective Services	66,655	-	66,655	91,448
Amachi Texas	180,091	-	180,091	105,113
Big Brothers Big Sisters of America	185,042	-	185,042	146,873
City of San Antonio	110,672	-	110,672	110,185
City of Bryan/College Station	-	-	-	29,216
Brazos County	30,000	-	30,000	20,000
San Antonio Independent School District	52,898	-	52,898	78,054
Edgewood Independent School District	-	-	-	30,000
Nueces County	500	-	500	1,300
Corpus Christi School District	-	-	-	9,600
West Oso	-	-	-	12,500
Texas Veterans Commission	71,135	-	71,135	70,232
Investment income	<u>39,439</u>	<u>-</u>	<u>39,439</u>	<u>21,895</u>
Total revenue	<u>1,063,441</u>	<u>-</u>	<u>1,063,441</u>	<u>965,106</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>366,942</u>	<u>(366,942)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,526,190</u>	<u>(19,462)</u>	<u>2,506,728</u>	<u>2,464,033</u>
<b>Expenses:</b>				
Program services	2,129,400	-	2,129,400	1,970,571
Supporting services:				
Management and general	195,955	-	195,955	187,689
Fundraising	<u>359,524</u>	<u>-</u>	<u>359,524</u>	<u>418,043</u>
Total expenses	<u>2,684,879</u>	<u>-</u>	<u>2,684,879</u>	<u>2,576,303</u>
Change in net assets before unrealized gains (losses) on investments	(158,689)	(19,462)	(178,151)	(112,270)
Unrealized gain (loss) on investments	<u>73,912</u>	<u>-</u>	<u>73,912</u>	<u>(29,946)</u>
Change in net assets	(84,777)	(19,462)	(104,239)	(142,216)
<b>Net assets at beginning of year</b>	<u>5,000,535</u>	<u>284,530</u>	<u>5,285,065</u>	<u>5,427,281</u>
<b>Net assets at end of year</b>	<u>\$ 4,915,758</u>	<u>\$ 265,068</u>	<u>\$ 5,180,826</u>	<u>\$ 5,285,065</u>

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

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2019**

(With Comparative Totals for the Year Ended December 31, 2018)

	Program	Management and General	Fundraising	Total	
				<u>2019</u>	<u>2018</u>
<b>Salaries and related expenses:</b>					
Salaries	\$ 1,359,808	\$ 84,988	\$ 254,964	\$ 1,699,760	\$ 1,537,725
Employee health benefits	112,235	7,015	21,044	140,294	123,300
Retirement	73,000	9,000	18,000	100,000	90,000
Payroll taxes	107,502	6,719	20,157	134,378	137,782
Travel	36,539	6,018	430	42,987	52,978
Total salaries and related expenses	<u>1,689,084</u>	<u>113,740</u>	<u>314,595</u>	<u>2,117,419</u>	<u>1,941,785</u>
<b>Other operating expenses:</b>					
Awards and grants	11,329	-	-	11,329	11,754
Bad debt expense	-	-	39,192	39,192	91,403
Conference	17,647	5,882	-	23,529	27,797
Information technology	45,319	6,310	5,737	57,366	50,126
Insurance	40,436	21,773	-	62,209	63,972
Member dues	2,652	82	-	2,734	4,234
Affiliation dues	27,067	837	-	27,904	24,587
Postage	2,869	506	-	3,375	5,615
Printing	2,933	517	-	3,450	8,205
Professional fees	26,529	8,843	-	35,372	43,686
Rent/Occupancy	62,036	10,947	-	72,983	76,134
Repairs and maintenance	17,046	3,008	-	20,054	20,873
Participant costs	35,010	-	-	35,010	46,633
Specific assistance	16,218	-	-	16,218	4,563
Supplies	5,446	961	-	6,407	6,770
Telephone	24,308	4,290	-	28,598	28,474
Total other operating expenses	<u>336,845</u>	<u>63,956</u>	<u>44,929</u>	<u>445,730</u>	<u>514,826</u>
Total expenses before depreciation	2,025,929	177,696	359,524	2,563,149	2,456,611
<b>Depreciation</b>	<u>103,471</u>	<u>18,259</u>	<u>-</u>	<u>121,730</u>	<u>119,692</u>
Total expenses	<u>\$ 2,129,400</u>	<u>\$ 195,955</u>	<u>\$ 359,524</u>	<u>\$ 2,684,879</u>	<u>\$ 2,576,303</u>

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

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**STATEMENT OF CASH FLOWS**

**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (104,239)	\$ (142,216)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	121,730	119,692
Unrealized (gain) loss on investments	(73,912)	29,946
Non-cash contributions	(63,646)	-
Contributions restricted for capital campaign	(2,468)	(1,840)
Change in accounts receivable	35,971	10,674
Change in prepaid expenses	(1,828)	(3,369)
Change in accounts payable	(3,420)	6,325
Change in accrued expenses	19,967	32,816
Change in deposits	(1,500)	1,150
Change in cash designated for deferred maintenance	10,561	(62,334)
Change in unconditional promises to give, excluding pledges for capital campaign	<u>14,889</u>	<u>21,445</u>
Net cash provided (used) by operating activities	<u>(47,895)</u>	<u>12,289</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(16,104)	(4,263)
Proceeds from sale of property	63,646	-
Proceeds from sales and maturities of investments	760,177	187,000
Purchase of investments	<u>(387,940)</u>	<u>(1,188,491)</u>
Net cash provided (used) by investing activities	<u>419,779</u>	<u>(1,005,754)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for capital campaign	<u>106,100</u>	<u>235,500</u>
Net cash provided by financing activities	<u>106,100</u>	<u>235,500</u>
Net increase (decrease) in cash	477,984	(757,965)
<b>Cash at beginning of year</b>	<u>606,581</u>	<u>1,364,546</u>
<b>Cash at end of year</b>	<u>\$ 1,084,565</u>	<u>\$ 606,581</u>
<b>Schedule of supplemental cash flow information:</b>		
Noncash investing and financing transactions:		
Contribution of property	<u>\$ 63,646</u>	<u>\$ -</u>

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

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**1 NATURE OF ORGANIZATION**

Big Brothers Big Sisters of South Texas, Inc. (hereinafter referred to as BBBS) is a nonprofit corporation whose mission is to promote the positive development of at-risk youth from single-parent families by providing opportunities for them to experience healthy one-to-one relationships with caring adult volunteers. These adults provide a mentorship for the targeted children as they grow to adulthood.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. BBBS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Comparative Financial Information**

The financial information for the year ended December 31, 2018, presented for comparative purposes, is not intended to be a complete financial statement presentation. It is included to provide a basis for comparison with the year ended December 31, 2019.

**Unconditional Promises to Give**

Contributions to the multi-year giving campaign are recognized when the donor makes a pledge. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

**Donated Services and Facilities**

Noncash donations of services and facilities are recorded as contributed at their estimated fair values at the date of donation. Donated facilities, software and equipment use for 2019 and 2018 was valued at \$14,557 and \$3,305 for those years, respectively.

**Expense Allocation**

Expenses are charged to program services based on costs that can be directly identified as those costs associated with the program of the agency. Any expenses not directly chargeable are allocated to programs and supporting service classifications on the basis of management estimates.

**Federal Income Taxes**

BBBS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

(Continued)



**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Revenue Recognition**

BBBS 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.

**Support and Revenue With and Without Donor Restrictions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

BBBS 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. 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 restrictions and reported in the statement of activities as net assets released from restrictions.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

**Cash and Cash Equivalents**

BBBS considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment or payment of long-term debt. Cash that is restricted or designated in some manner is classified separately.

**Investments**

Investments are carried at market value for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or market value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Market risk could occur and is dependent on the future changes in market price of the various investments held.

**Property and Equipment**

Property and equipment are recorded at either fair value (if donated) or cost. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

BBBS generally capitalizes all expenditures for furniture, fixtures, equipment and improvements in excess of \$500. In some cases, smaller items may be capitalized where items purchased are deemed by management to have a multi-year useful life.

(Continued)

# BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017, with early adoption permitted. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expenses by function and natural classification for all not-for-profit organizations, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. BBBS adopted this new pronouncement effective January 1, 2018.

BBBS has adopted ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as management believes the standard improves the usefulness and understandability of BBBS' financial reporting. This had no impact on the net assets of BBBS for the years ended December 31, 2019 and 2018.

#### Accounting Pronouncements Issued but Not Yet Adopted

##### *Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded.

The ASU is effective for BBBS's fiscal years beginning after December 15, 2020 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements. This may affect BBBS in fiscal year 2021.

##### *Not-for-Profit Entities (Topic 958)*

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The new standard modifies guidelines for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and for determining whether a contribution is conditional.

Portions of the ASU that apply to transactions in which the organization serves as the recipient of resources are effective for fiscal years beginning after December 15, 2018, and portions of the ASU that apply to transactions in which the organization serves as the resource provider are effective for fiscal years beginning after December 15, 2019. This may affect BBBS in fiscal year 2020.

#### Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

#### Subsequent Events

BBBS' management has evaluated subsequent events through March 26, 2020, which is the date the financial statements were available to be issued.

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3 INVESTMENTS**

BBBS owned the following investments at December 31, 2019 and 2018:

	2019		2018	
	Cost	Market	Cost	Market
Undesignated:				
Mutual funds	\$ 326,538	\$ 369,751	\$ 320,019	\$ 296,126
Corporate bonds	376,000	377,348	750,000	749,298
Total undesignated	<u>702,538</u>	<u>747,099</u>	<u>1,070,019</u>	<u>1,045,424</u>
Designated for maintenance:				
Money market funds	285,590	285,590	296,151	296,151
Total designated for maintenance	<u>285,590</u>	<u>285,590</u>	<u>296,151</u>	<u>296,151</u>
	<u>\$ 988,128</u>	<u>\$ 1,032,689</u>	<u>\$ 1,366,170</u>	<u>\$ 1,341,575</u>

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At December 31, 2019 and 2018, BBBS' investments consisted of publicly traded mutual funds and money-market mutual funds, which are reported at fair value using a Level 1 measure, and corporate bonds, which are reported at fair value using a Level 2 measure. Level 1 fair value estimates are based on quoted prices in active markets for identical assets or liabilities; Level 2 fair value estimates are based on observable inputs other than quoted market prices for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

**4 RECEIVABLES AND CREDIT RISK CONCENTRATION**

Accounts receivable at December 31, 2019 and 2018, represent amounts due from the Department of Family and Protective Services, the Department of Justice, San Antonio ISD, City of San Antonio, Amachi Texas, and others for ongoing grants. It also includes smaller amounts due on pledges from individuals.

Management analyzes aging of accounts receivable on a monthly basis. Accounts receivable are considered delinquent when they are over 30 days old. Payment trends by delinquent accounts are considered by management when estimating the allowance for doubtful accounts. At December 31, 2019 and 2018, management estimated the allowance for doubtful accounts to be \$-0-. Accounts determined to be uncollectible by management are initially charged to the allowance for doubtful accounts.

BBBS maintains its cash balances in one financial institution located in San Antonio, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, BBBS' uninsured cash balances totaled \$281,745.

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5 UNCONDITIONAL PROMISES TO GIVE**

BBBS has outstanding unconditional promises to give from an ongoing campaign to raise donations for the agency's programs and operations. At December 31, 2019 and 2018, unconditional promises to give were discounted to present value using an average rate of 1.85% since they are expected to be collected over several years. Pledges are expected to be realized in the following years:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 193,738	\$ 238,508
Between one and five years	<u>147,930</u>	<u>216,410</u>
	341,668	454,918
Estimated allowance for uncollectible pledges	(175,657)	(167,673)
Present value discount	<u>(5,133)</u>	<u>(7,846)</u>
Net unconditional promises to give	<u>\$ 160,878</u>	<u>\$ 279,399</u>

At December 31, 2019 and 2018, \$106,399 and \$210,031, respectively, of net unconditional promises to give were related to the capital campaign.

**6 REVENUE AND SUPPORT CONCENTRATIONS**

- A. United Way support received totaled \$302,447 and \$256,835 for the years ended December 31, 2019 and 2018, respectively. This equates to 12% and 10% of total revenue and support for each of those periods, respectively. BBBS' remaining approved United Way allocation for the year ending June 30, 2020 is \$160,000.
- B. Net revenue either directly or indirectly generated by fundraising events (primarily Golf Tournament and Bowling) totaled \$334,424 and \$502,167 for the years ended December 31, 2019 and 2018, which represents 13% and 20% of total revenue and support for each of those periods, respectively.
- C. Revenue from Big Brothers Big Sisters of America totaled \$185,042 and \$146,873 for the years ended December 31, 2019 and 2018, respectively, which represents 7% and 6% of total revenue and support for each of those periods, respectively.

**7 NET ASSETS WITH DONOR RESTRICTIONS**

The net assets with donor restrictions relate to the capital campaign and several projects that began in prior years as collaborative efforts in cooperation with several other nonprofit organizations. There were also several donor-restricted contributions for programs that were started but not completed during the year ended December 31, 2019.

The net assets with donor restrictions totaled \$265,068 and \$284,530 in restricted contributions received but not used as of December 31, 2019 and 2018, respectively.

(Continued)

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7 NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets with donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Mentoring	\$ 10,000	\$ -
Mentoring - Coastal Bend	38,289	36,161
Mentoring - Brazos Valley	10,000	-
Mentoring - Comal & Guadalupe Counties	12,000	-
Job Program	7,780	3,621
Capital Campaign	80,300	111,400
Subject to expenditure in future fiscal years	80,599	34,717
Subject to both time and purpose restrictions:		
Capital Campaign pledges due after 2020	<u>26,100</u>	<u>98,631</u>
Net assets with donor restrictions	<u>\$ 265,068</u>	<u>\$ 284,530</u>

**8 FEES FROM FEDERAL GOVERNMENTAL AGENCIES**

This revenue consists of the following:

	<u>2019</u>		<u>2018</u>	
	Amount	Percent of Total Support and Revenue	Amount	Percent of Total Support and Revenue
Promoting Safe and Stable Families under a contract with the Texas Department of Family and Protective Services	\$ 50,248	2.0%	\$ 75,361	3.1%
Temporary Assistance for Needy Families under a contract with the Texas Education Agency-Amachi Texas	180,091	7.2%	105,113	4.3%
Juvenile Mentoring Program under contracts with U.S. Department of Justice and Big Brothers Big Sisters of America	512,051	20.4%	385,563	15.6%
Community Development Block Grants from U.S. Department of Housing and Urban Development	-	0.0%	29,216	1.2%
Gaining Early Awareness and Readiness for Undergraduate Programs under contracts from U.S. Department of Education and various school districts	<u>52,898</u>	<u>2.1%</u>	<u>130,154</u>	<u>5.3%</u>
Total	<u>\$ 795,288</u>	<u>31.7%</u>	<u>\$ 725,407</u>	<u>29.5%</u>

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**9 PENSION PLAN**

BBBS has established a discretionary simplified employee pension – individual retirement account contribution agreement under §408(k) of the Internal Revenue Code. The agreement covers all employees who are at least 18 years old and worked in at least two years of the immediately preceding five years. The agreement calls for contributions to be made to the individual retirement accounts of all eligible employees.

BBBS is not required to make any contributions in any given year. However, any contributions made must be based on the same percentage of each employee's compensation. The pension contributions for BBBS totaled \$100,000 and \$90,000 for periods ending December 31, 2019 and 2018.

**10 OPERATING LEASES**

BBBS is party to noncancellable operating leases for office space and office equipment expiring at various dates through September 2022. The following is the future minimum rental payments under these leases:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 25,965
2021	14,640
2022	10,980
	<u>\$ 51,585</u>

Rental expenses totaled \$25,198 and \$25,795, respectively, for the years ended December 31, 2019 and 2018.

**11 COMMITMENTS AND CONTINGENCIES**

BBBS participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that BBBS has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of BBBS, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**12 RELATED PARTY TRANSACTIONS**

At December 31, 2019 and 2018, unconditional promises to give included \$150,300 and \$151,400 due for capital campaign pledges from members of the board of BBBS.

**BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects BBBS's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for promises to give that are due in future years. BBBS plans to keep cash and cash equivalents on hand that are adequate to cover two months of regular operating expenses, and invests any surplus in a variety of investments that include mutual funds and corporate bonds.

Cash and cash equivalents	\$ 1,084,565
Investments	1,032,689
Accounts receivable	150,436
Unconditional promises to give, net	<u>160,878</u>
Financial assets at year end	2,428,568
Less those unavailable for general expenditure within one year, due to:	
Promises to give due in future years	(56,698)
Board-designated for deferred maintenance	(285,590)
Donor-restricted to expenditure for specific purposes	<u>(208,369)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 1,877,911</u></u>

As part of BBBS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2019, BBBS has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 267 days of average operating expenses.