

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2020

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Independent Auditor's Report



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

Opinion

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, 2020 and 2019, the related statements of activities and functional expenses for the year ended December 31, 2020, the related statements of cash flows for the years ended December 31, 2020 and 2019, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of South Texas, Inc. as of December 31, 2020 and 2019, the changes in net assets for the year ended December 31, 2020, and its cash flows for the years ended December 31, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers Big Sisters of South Texas, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of South Texas, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of South Texas, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of South Texas, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Big Brothers Big Sisters of South Texas, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sagebiel, Ravenberg & Schuh, P.C.

San Antonio, Texas
March 17, 2021

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 841,724	\$ 1,084,565
Accounts receivable	211,195	150,436
Unconditional promises to give due within one year, net of allowance for uncollectible pledges and discounts	18,425	104,180
Prepaid expenses	<u>16,368</u>	<u>17,497</u>
Total current assets	<u>1,087,712</u>	<u>1,356,678</u>
Investments	<u>1,184,372</u>	<u>747,099</u>
Property and equipment:		
Land, building, and improvements	2,827,066	2,827,066
Furniture and equipment	493,320	402,677
Less accumulated depreciation	<u>(510,002)</u>	<u>(373,842)</u>
Property and equipment, net	<u>2,810,384</u>	<u>2,855,901</u>
Other assets:		
Deposits	837	2,560
Cash and investments designated for deferred maintenance	281,038	285,590
Unconditional promises to give, net of allowance for uncollectible pledges and discounts	<u>12,982</u>	<u>56,698</u>
Total other assets	<u>294,857</u>	<u>344,848</u>
 Total assets	 <u>\$ 5,377,325</u>	 <u>\$ 5,304,526</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 18,337	\$ 24,681
Accrued expenses	<u>91,109</u>	<u>99,019</u>
Total current liabilities	<u>109,446</u>	<u>123,700</u>
Net assets:		
Without donor restrictions:		
Undesignated	2,143,307	1,774,267
Invested in fixed assets	2,810,384	2,855,901
Designated by the board for deferred maintenance	<u>281,038</u>	<u>285,590</u>
Total net assets without donor restrictions	<u>5,234,729</u>	<u>4,915,758</u>
With donor restrictions:		
Restricted for Capital Campaign	-	106,400
Purpose-restricted, other than Capital Campaign	20,168	78,069
Time-restricted for future fiscal years	<u>12,982</u>	<u>80,599</u>
Total net assets with donor restrictions	<u>33,150</u>	<u>265,068</u>
Total net assets	<u>5,267,879</u>	<u>5,180,826</u>
 Total liabilities and net assets	 <u>\$ 5,377,325</u>	 <u>\$ 5,304,526</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, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	Without donor restrictions	With donor restrictions	Total	
			2020	2019
Public support and revenue:				
Public support:				
Special events:				
Gross revenue	\$ 195,883	\$ -	\$ 195,883	\$ 458,059
Less direct expenses	<u>(22,530)</u>	<u>-</u>	<u>(22,530)</u>	<u>(123,635)</u>
Net special events support	173,353	-	173,353	334,424
United Way of San Antonio and Bexar County	320,000	-	320,000	254,582
United Way - other	51,722	-	51,722	47,865
Contributions	355,021	312,523	667,544	791,859
Payroll Protection Program grant	398,400	-	398,400	-
In-kind	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>14,557</u>
Total public support	<u>1,322,996</u>	<u>312,523</u>	<u>1,635,519</u>	<u>1,443,287</u>
Revenue:				
Cost reimbursement grants from governmental and other agencies:				
U.S. Department of Justice	147,074	-	147,074	327,009
Texas Dept. of Family and Protective Services	110,683	-	110,683	66,655
Criminal Justice Division of the Office of the Governor of Texas	80,490	-	80,490	-
Amachi Texas	306,350	-	306,350	180,091
Big Brothers Big Sisters of America	88,640	-	88,640	185,042
City of San Antonio	88,505	-	88,505	110,672
City of Bryan/College Station	23,500	-	23,500	-
Brazos County	30,000	-	30,000	30,000
San Antonio Independent School District	-	-	-	52,898
Nueces County	-	-	-	500
Bexar County	55,100	-	55,100	-
Texas Center for Child and Family Studies	15,000	-	15,000	-
Texas Veterans Commission	33,919	-	33,919	71,135
Texas Office of the Attorney General	555	-	555	-
Investment income	<u>19,534</u>	<u>-</u>	<u>19,534</u>	<u>39,439</u>
Total revenue	<u>999,350</u>	<u>-</u>	<u>999,350</u>	<u>1,063,441</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>544,441</u>	<u>(544,441)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,866,787</u>	<u>(231,918)</u>	<u>2,634,869</u>	<u>2,506,728</u>
Expenses:				
Program services	2,060,482	-	2,060,482	2,129,400
Supporting services:				
Management and general	174,530	-	174,530	195,955
Fundraising	<u>372,624</u>	<u>-</u>	<u>372,624</u>	<u>359,524</u>
Total expenses	<u>2,607,636</u>	<u>-</u>	<u>2,607,636</u>	<u>2,684,879</u>
Change in net assets before unrealized gains on investments	259,151	(231,918)	27,233	(178,151)
Unrealized gain on investments	<u>59,820</u>	<u>-</u>	<u>59,820</u>	<u>73,912</u>
Change in net assets	318,971	(231,918)	87,053	(104,239)
Net assets at beginning of year	<u>4,915,758</u>	<u>265,068</u>	<u>5,180,826</u>	<u>5,285,065</u>
Net assets at end of year	<u>\$ 5,234,729</u>	<u>\$ 33,150</u>	<u>\$ 5,267,879</u>	<u>\$ 5,180,826</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, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2020</u>	<u>2019</u>
Salaries and related expenses:					
Salaries	\$ 1,337,684	\$ 66,059	\$ 247,719	\$ 1,651,462	\$ 1,699,760
Employee health benefits	110,849	5,473	20,528	136,850	140,294
Retirement	72,500	7,800	19,700	100,000	100,000
Payroll taxes	104,843	5,178	19,415	129,436	134,378
Travel	16,265	2,679	191	19,135	42,987
Total salaries and related expenses	<u>1,642,141</u>	<u>87,189</u>	<u>307,553</u>	<u>2,036,883</u>	<u>2,117,419</u>
Other operating expenses:					
Awards and grants	11,185	-	-	11,185	11,329
Bad debt expense	-	-	58,884	58,884	39,192
Conference	4,604	1,534	-	6,138	23,529
Information technology	48,877	6,806	6,187	61,870	57,366
Insurance	40,312	21,706	-	62,018	62,209
Member dues	2,085	64	-	2,149	2,734
Affiliation dues	30,308	937	-	31,245	27,904
Postage	1,973	348	-	2,321	3,375
Printing	4,893	863	-	5,756	3,450
Professional fees	14,375	14,375	-	28,750	35,372
Rent/Occupancy	74,413	13,132	-	87,545	72,983
Repairs and maintenance	12,185	2,150	-	14,335	20,054
Participant costs	23,491	-	-	23,491	35,010
Specific assistance	5,557	-	-	5,557	16,218
Supplies	3,052	538	-	3,590	6,407
Telephone	25,294	4,464	-	29,758	28,598
Total other operating expenses	<u>302,604</u>	<u>66,917</u>	<u>65,071</u>	<u>434,592</u>	<u>445,730</u>
Total expenses before depreciation	1,944,745	154,106	372,624	2,471,475	2,563,149
Depreciation	<u>115,737</u>	<u>20,424</u>	<u>-</u>	<u>136,161</u>	<u>121,730</u>
Total expenses	<u>\$ 2,060,482</u>	<u>\$ 174,530</u>	<u>\$ 372,624</u>	<u>\$ 2,607,636</u>	<u>\$ 2,684,879</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 87,053	\$ (104,239)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	136,161	121,730
Unrealized gain on investments	(59,820)	(73,912)
Non-cash contributions	-	(63,646)
Contributions restricted for capital campaign	-	(2,468)
Change in accounts receivable	(60,759)	35,971
Change in prepaid expenses	1,129	(1,828)
Change in accounts payable	(6,344)	(3,420)
Change in accrued expenses	(7,910)	19,967
Change in deposits	1,723	(1,500)
Change in cash designated for deferred maintenance	4,552	10,561
Change in unconditional promises to give, excluding pledges for capital campaign	<u>73,072</u>	<u>14,889</u>
Net cash provided (used) by operating activities	<u>168,857</u>	<u>(47,895)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(90,644)	(16,104)
Proceeds from sale of property	-	63,646
Proceeds from sales and maturities of investments	753,000	760,177
Purchase of investments	<u>(1,130,453)</u>	<u>(387,940)</u>
Net cash provided (used) by investing activities	<u>(468,097)</u>	<u>419,779</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	<u>56,399</u>	<u>106,100</u>
Net cash provided by financing activities	<u>56,399</u>	<u>106,100</u>
 Net increase (decrease) in cash	 (242,841)	 477,984
 Cash at beginning of year	 <u>1,084,565</u>	 <u>606,581</u>
 Cash at end of year	 <u>\$ 841,724</u>	 <u>\$ 1,084,565</u>
 Schedule of supplemental cash flow information:		
Noncash investing and financing transactions:		
Contribution of property	<u>\$ -</u>	<u>\$ 63,646</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, 2019, 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, 2020.

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 2020 and 2019 was valued at \$24,500 and \$14,557 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 \$1,000. 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

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, 2020 and 2019.

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, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements. This may affect BBBS in fiscal year 2022.

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 17, 2021, which is the date the financial statements were available to be issued.

3 INVESTMENTS

BBBS owned the following investments at December 31, 2020 and 2019:

	2020		2019	
	Cost	Market	Cost	Market
Undesignated:				
Mutual funds	\$ 332,056	\$ 431,770	\$ 326,538	\$ 369,751
Corporate bonds	752,000	752,602	376,000	377,348
Total undesignated	<u>1,084,056</u>	<u>1,184,372</u>	<u>702,538</u>	<u>747,099</u>
Designated for maintenance:				
Money market funds	<u>281,038</u>	<u>281,038</u>	<u>285,590</u>	<u>285,590</u>
Total designated for maintenance	<u>281,038</u>	<u>281,038</u>	<u>285,590</u>	<u>285,590</u>
	<u>\$ 1,365,094</u>	<u>\$ 1,465,410</u>	<u>\$ 988,128</u>	<u>\$ 1,032,689</u>

(Continued)

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

3 INVESTMENTS (Continued)

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, 2020 and 2019, 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, 2020 and 2019, represent amounts due from the Department of Family and Protective Services, the Department of Justice, 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, 2020 and 2019, 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, 2020, BBBS' uninsured cash balances totaled \$390,559.

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, 2020 and 2019, 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>2020</u>	<u>2019</u>
In one year or less	\$ 84,719	\$ 193,738
Between one and five years	60,340	147,930
	<u>145,059</u>	<u>341,668</u>
Estimated allowance for uncollectible pledges	(112,005)	(175,657)
Present value discount	<u>(1,647)</u>	<u>(5,133)</u>
Net unconditional promises to give	<u><u>\$ 31,407</u></u>	<u><u>\$ 160,878</u></u>

At December 31, 2020 and 2019, \$-0- and \$106,399, respectively, of net unconditional promises to give were related to the capital campaign.

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

6 REVENUE AND SUPPORT CONCENTRATIONS

- A. United Way support received totaled \$371,722 and \$302,447 for the years ended December 31, 2020 and 2019, respectively. This equates to 14% and 12% of total revenue and support for each of those periods, respectively. BBBS' remaining approved United Way allocation for the year ending June 30, 2021 is \$160,000.
- B. Net revenue either directly or indirectly generated by fundraising events (primarily Golf Tournament and Bowling) totaled \$173,353 and \$334,424 for the years ended December 31, 2020 and 2019, which represents 7% and 13% of total revenue and support for each of those periods, respectively.
- C. Revenue from Amachi Texas totaled \$306,350 and \$180,091 for the years ended for the years ended December 31, 2020 and 2019, respectively, which represents 12% and 7% 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, 2020.

The net assets with donor restrictions totaled \$33,150 and \$265,068 in restricted contributions received but not used as of December 31, 2020 and 2019, respectively.

Net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Mentoring	\$ -	\$ 10,000
Mentoring - Coastal Bend	-	38,289
Mentoring - Brazos Valley	9,535	10,000
Mentoring - Comal & Guadalupe Counties	-	12,000
Workplace Mentoring	5,000	-
Job Program	5,633	7,780
Capital Campaign	-	80,300
Subject to expenditure in future fiscal years	12,982	80,599
Subject to both time and purpose restrictions:		
Capital Campaign pledges due after 2021	-	26,100
Net assets with donor restrictions	<u>\$ 33,150</u>	<u>\$ 265,068</u>

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

8 FEES FROM FEDERAL GOVERNMENTAL AGENCIES

This revenue consists of the following:

	2020		2019	
	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	\$ 98,437	3.7%	\$ 50,248	2.0%
Temporary Assistance for Needy Families under a contract with the Texas Education Agency-Amachi Texas	306,350	11.6%	180,091	7.2%
Juvenile Mentoring Program under contracts with U.S. Department of Justice and Big Brothers Big Sisters of America	235,714	8.9%	512,051	20.4%
Coronavirus Relief Funds from the U.S Department of the Treasury	60,100	2.3%	-	0.0%
Gaining Early Awareness and Readiness for Undergraduate Programs under contracts from U.S. Department of Education and various school districts	-	0.0%	52,898	2.1%
Total	\$ 700,601	26.5%	\$ 795,288	31.7%

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 \$100,000 for periods ending December 31, 2020 and 2019.

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:

Year Ending December 31,	Amount
2021	\$ 14,640
2022	10,980
	<u>\$ 25,620</u>

Rental expenses totaled \$25,198 and \$25,795, respectively, for the years ended December 31, 2020 and 2019.

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

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, 2020 and 2019, gross unconditional promises to give included \$75,000 and \$150,300 due for capital campaign pledges from members of the board of BBBS.

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	\$ 841,724
Investments	1,465,410
Accounts receivable	211,195
Unconditional promises to give, net	<u>31,407</u>
Financial assets at year end	2,549,736
Less those unavailable for general expenditure	
within one year, due to:	
Promises to give due in future years	(12,982)
Board-designated for deferred maintenance	(281,038)
Donor-restricted to expenditure for specific purposes	<u>(20,168)</u>
Financial assets available to meet cash needs	
for general expenditure within one year	<u><u>\$ 2,235,548</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, 2020, BBBS has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 330 days of average operating expenses.

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

14 SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases in the region. Measures taken by various governments to contain the virus, as well as changes in behavior by regular donors and event participants in response to the pandemic, have affected economic activity in our area. BBBS has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for BBBS's stakeholders.

Since April 2020, the impact on BBBS has been significant, with significant shifts in revenue streams and a general shift towards social distancing practices and working from home for many BBBS employees as a result of measures intended to mitigate the pandemic. These disruptions have continued into the new fiscal year, and it is uncertain when BBBS will be able to resume operations at full capacity. As such, it is difficult to predict the impact the pandemic might have on the BBBS's finances, other than the fact that temporary declines in certain revenues and expenses may continue into the new fiscal year. BBBS will continue to follow government and expert advice and, in parallel, BBBS will do its utmost to continue its operations in the best and safest way possible. Subsequent to year-end, BBBS has applied for further funding under the second round of the Small Business Administration Paycheck Protection Program.