

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2023

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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, 2023 and 2022, the related statements of activities and functional expenses for the year ended December 31, 2023, the related statements of cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, the changes in net assets for the year ended December 31, 2023, and its cash flows for the years ended December 31, 2023 and 2022 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 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schul Browne, P.C.

San Antonio, Texas
March 22, 2024

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 751,984	\$ 660,493
Accounts receivable	386,586	279,197
Unconditional promises to give due within one year, net of allowance for uncollectible pledges and discounts	21,437	12,249
Prepaid expenses	19,125	41,843
Total current assets	<u>1,179,132</u>	<u>993,782</u>
Investments	<u>2,310,006</u>	<u>2,135,047</u>
Property and equipment:		
Land, building, and improvements	2,825,842	2,827,066
Furniture and equipment	565,644	500,629
Less accumulated depreciation	(844,915)	(765,997)
Property and equipment, net	<u>2,546,571</u>	<u>2,561,698</u>
Other assets:		
Operating lease right-of-use assets	83,664	52,588
Deposits	2,352	2,352
Cash and investments designated for deferred maintenance	339,882	256,170
Unconditional promises to give, long-term, net of allowance for uncollectible pledges and discounts	52,917	20,425
Total other assets	<u>478,815</u>	<u>331,535</u>
Total assets	<u>\$ 6,514,524</u>	<u>\$ 6,022,062</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 31,354	\$ 25,235
Accrued expenses	108,468	166,581
Current portion of operating lease liabilities	17,991	34,925
Total current liabilities	<u>157,813</u>	<u>226,741</u>
Operating lease liabilities, net of current portion	<u>65,673</u>	<u>17,663</u>
Total liabilities	<u>223,486</u>	<u>244,404</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,192,426	2,906,253
Invested in fixed assets	2,546,571	2,561,698
Designated by the board for deferred maintenance	339,882	256,170
Total net assets without donor restrictions	<u>6,078,879</u>	<u>5,724,121</u>
With donor restrictions:		
Purpose-restricted	159,242	33,112
Time-restricted for future fiscal years	52,917	20,425
Total net assets with donor restrictions	<u>212,159</u>	<u>53,537</u>
Total net assets	<u>6,291,038</u>	<u>5,777,658</u>
Total liabilities and net assets	<u>\$ 6,514,524</u>	<u>\$ 6,022,062</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, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	Without donor restrictions	With donor restrictions	Total 2023	2022
Public support and revenue:				
Public support:				
Special events:				
Gross revenue	\$ 468,202	\$ -	\$ 468,202	\$ 477,472
Less direct expenses	<u>(89,862)</u>	<u>-</u>	<u>(89,862)</u>	<u>(90,601)</u>
Net special events support	378,340	-	378,340	386,871
United Way of San Antonio and Bexar County	337,139	-	337,139	338,073
United Way - other	45,178	-	45,178	52,374
Contributions	713,123	518,995	1,232,118	569,786
Paycheck Protection Program grant	-	-	-	362,201
Loss on disposal of assets	(6,188)	-	(6,188)	-
In-kind contributions	1,744	-	1,744	23,651
Total public support	<u>1,469,336</u>	<u>518,995</u>	<u>1,988,331</u>	<u>1,732,956</u>
Revenue:				
Cost reimbursement grants from governmental and other agencies:				
U.S. Department of Justice	41,352	-	41,352	265,698
Texas Dept. of Family and Protective Services	120,277	-	120,277	103,150
Texas Education Agency ARPA BBBS grant program	232,673	-	232,673	-
Criminal Justice Division of the Office of the				
Governor of Texas	62,904	-	62,904	-
Amachi Texas	411,457	-	411,457	323,853
Big Brothers Big Sisters of America	204,884	-	204,884	209,534
City of San Antonio	111,298	-	111,298	114,359
Bexar County	-	-	-	10,000
City of Bryan/College Station	39,863	-	39,863	35,000
Brazos County	35,000	-	35,000	35,000
Hearne Independent School District	45,000	-	45,000	55,000
City of New Braunfels	5,500	-	5,500	4,576
Comal County	-	-	-	1,360
Texas Veterans Commission	-	-	-	10,014
Texas Office of the Attorney General	-	-	-	2,055
Investment income	<u>75,172</u>	<u>-</u>	<u>75,172</u>	<u>29,696</u>
Total revenue	<u>1,385,380</u>	<u>-</u>	<u>1,385,380</u>	<u>1,199,295</u>
Net assets released from restrictions	<u>360,373</u>	<u>(360,373)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>3,215,089</u>	<u>158,622</u>	<u>3,373,711</u>	<u>2,932,251</u>
Expenses:				
Program services	2,505,390	-	2,505,390	2,102,065
Supporting services:				
Management and general	203,757	-	203,757	188,337
Fundraising	389,901	-	389,901	331,104
Total expenses	<u>3,099,048</u>	<u>-</u>	<u>3,099,048</u>	<u>2,621,506</u>
Change in net assets before unrealized gains (losses) on investments	116,041	158,622	274,663	310,745
Unrealized gains (losses) on investments	<u>238,717</u>	<u>-</u>	<u>238,717</u>	<u>(109,324)</u>
Change in net assets	354,758	158,622	513,380	201,421
Net assets at beginning of year	<u>5,724,121</u>	<u>53,537</u>	<u>5,777,658</u>	<u>5,576,237</u>
Net assets at end of year	<u>\$ 6,078,879</u>	<u>\$ 212,159</u>	<u>\$ 6,291,038</u>	<u>\$ 5,777,658</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, 2023
 (With Comparative Totals for the Year Ended December 31, 2022)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2023</u>	<u>2022</u>
Salaries and related expenses:					
Salaries	\$ 1,591,349	\$ 81,622	\$ 220,816	\$ 1,893,787	\$ 1,636,961
Employee health benefits	140,289	8,660	24,247	173,196	137,925
Retirement	88,380	8,474	24,214	121,068	100,000
Payroll taxes	118,626	7,323	20,503	146,452	127,010
Travel	71,515	11,779	841	84,135	39,131
Total salaries and related expenses	<u>2,010,159</u>	<u>117,858</u>	<u>290,621</u>	<u>2,418,638</u>	<u>2,041,027</u>
Other operating expenses:					
Awards and grants	20,088	-	-	20,088	20,538
Bad debt expense	-	-	10,020	10,020	1,543
Conference	19,980	6,660	-	26,640	20,402
Information technology	51,974	4,050	11,475	67,499	55,835
Insurance	41,861	22,541	-	64,402	54,848
Member dues	5,112	158	-	5,270	3,654
Affiliation dues	26,759	828	-	27,587	24,823
Postage	2,095	370	-	2,465	3,083
Printing	4,961	875	-	5,836	3,780
Professional fees	12,282	12,282	77,785	102,349	59,771
Rent/Occupancy	87,017	15,356	-	102,373	86,583
Repairs and maintenance	17,724	3,128	-	20,852	20,323
Participant costs	88,293	-	-	88,293	73,795
Specific assistance	5,727	-	-	5,727	14,122
Supplies	7,442	1,313	-	8,755	4,652
Telephone	23,418	4,132	-	27,550	24,883
Total other operating expenses	<u>414,733</u>	<u>71,693</u>	<u>99,280</u>	<u>585,706</u>	<u>472,635</u>
Total expenses before depreciation	<u>2,424,892</u>	<u>189,551</u>	<u>389,901</u>	<u>3,004,344</u>	<u>2,513,662</u>
Depreciation	<u>80,498</u>	<u>14,206</u>	<u>-</u>	<u>94,704</u>	<u>107,844</u>
Total expenses	<u>\$ 2,505,390</u>	<u>\$ 203,757</u>	<u>\$ 389,901</u>	<u>\$ 3,099,048</u>	<u>\$ 2,621,506</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 513,380	\$ 201,421
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	94,704	107,844
(Gain) loss on sale of property and equipment	6,188	-
Forgiveness of debt	-	(362,200)
Realized and unrealized (gains) losses on investments	(238,717)	109,324
Changes in:		
Accounts receivable	(107,389)	7,134
Prepaid expenses	22,718	(7,667)
Accounts payable	6,119	(4,646)
Accrued expenses	(58,113)	74,234
Cash designated for deferred maintenance	-	10,287
Unconditional promises to give, excluding pledges for capital campaign	(41,680)	(779)
Net cash provided by operating activities	<u>197,210</u>	<u>134,952</u>
Cash flows from investing activities:		
Purchase of property and equipment	(85,765)	(4,974)
Proceeds from sales and maturities of investments	413,000	1,502,586
Purchase of investments	<u>(432,954)</u>	<u>(2,471,097)</u>
Net cash used by investing activities	<u>(105,719)</u>	<u>(973,485)</u>
Net increase (decrease) in cash and cash equivalents	91,491	(838,533)
Cash and cash equivalents at beginning of year	<u>660,493</u>	<u>1,499,026</u>
Cash and cash equivalents at end of year	<u>\$ 751,984</u>	<u>\$ 660,493</u>
Schedule of supplemental cash flow information:		
Non-cash contributions:		
Other contributions of non-financial assets and services (see Note 10)	<u>\$ 1,744</u>	<u>\$ 23,651</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, 2022, 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, 2023.

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.

Volunteer Support (Unaudited)

BBBS receives donated time from volunteers as Big Brothers and Big Sisters. This donated time does not meet the criteria for financial statement recognition in conformity with accounting principles generally accepted in the United States, and therefore it is not reflected in the accompanying financial statements. Management estimates that these volunteers contributed approximately 14,672 hours in 2023 and 15,024 in 2022. An approximate economic value for this volunteer time contributed for the State of Texas is \$29.86 per hour for 2023 and \$28.14 per hour for 2022 using the most recent data released by the U.S. Bureau of Labor Statistics for both 2023 and 2022. Applying this rate, the BBBS' volunteer mentor services would be valued at approximately \$438,106 for 2023 and \$422,775 for 2022. Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as approximately 83% of total BBBS expenses for both the years ended December 31, 2023 and 2022. Support services would be approximately 17% of total BBBS expenses for both the years ended December 31, 2023 and 2022. Program expenses as a percentage of total BBBS expenses in the audited financial statements are approximately 81% for 2023 and 80% for 2022, respectively and support services expenses as a percentage of total BBBS expenses in the audited financial statements are 19% for 2023 and 20% for 2022, respectively.

(Continued)

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Revenue and Revenue Recognition

BBBS recognizes revenue when earned. Program services fees and payments under cost-reimbursable contracts and grants received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

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.

(Continued)

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$2,500. In some cases, smaller items may be capitalized where items purchased are deemed by management to have a multi-year useful life.

Change in Accounting Principle

Adoption of FASB ASC 842 (Leases)

Effective January 1, 2022, BBBS adopted FASB ASC 842, *Leases*. BBBS determines if an arrangement contains a lease at inception based on whether BBBS has the right to control the asset during the contract period and other facts and circumstances. BBBS elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of \$56,427 and operating lease liabilities of \$56,427 as of January 1, 2022. The adoption of FASB ASC 842 did not have a material impact on BBBS' statement of activities or cash flows.

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 22, 2024, which is the date the financial statements were available to be issued.

3 INVESTMENTS

BBBS' investments consisted of the following at December 31, 2023 and 2022:

	2023		2022	
	Cost	Market	Cost	Market
Exchange-traded funds:				
Equity funds	\$ 300,233	\$ 313,054	\$ 233,505	\$ 244,544
Mutual funds:				
Equity funds	1,005,548	1,304,560	945,659	1,018,193
Equity and bond funds	2,551	2,179	2,125	2,047
Bond funds	755,100	765,278	455,100	457,597
Government obligation funds	273,154	264,817	675,925	668,836
Total investments	<u>\$ 2,336,586</u>	<u>2,649,888</u>	<u>\$ 2,312,314</u>	<u>2,391,217</u>
Less investments designated for maintenance		(339,882)		(256,170)
Total undesignated investments		<u>\$ 2,310,006</u>		<u>\$ 2,135,047</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, 2023 and 2022, BBBS' investments consisted of publicly-traded mutual funds, exchange-traded 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023, BBBS' uninsured cash balances totaled \$451,251.

5 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, 2023 and 2022, unconditional promises to give were discounted to present value using an average rate of 3.91% since they are expected to be collected over several years. Pledges are expected to be realized in the following years:

	2023	2022
In one year or less	\$ 108,651	\$ 59,005
Between one and five years	139,700	75,450
	<hr/> 248,351	<hr/> 134,455
Estimated allowance for uncollectible pledges	(168,493)	(99,462)
Present value discount	(5,504)	(2,319)
Net unconditional promises to give	<hr/> \$ 74,354	<hr/> \$ 32,674

There were no conditional promises to give to BBBS outstanding at December 31, 2023 and 2022.

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

6 DEBT

In March 2021, BBBS was granted a loan under the Paycheck Protection Program (the "PPP"), in the amount of \$362,200. BBBS elected to account for the loan as debt, and accordingly recognized a liability for the loan as of December 31, 2021.

During the year ended December 31, 2022, BBBS received forgiveness of the full balance of this loan. Accordingly, the liability for this loan was written off and \$362,200 was recognized as income in the year ended December 31, 2022.

7 REVENUE AND SUPPORT CONCENTRATIONS

- A. United Way support received totaled \$382,317 and \$390,447 for the years ended December 31, 2023 and 2022, respectively. This equates to 11% and 13% of total revenue and support for each of those periods, respectively. BBBS' remaining approved United Way allocation for the year ending June 30, 2024 is \$161,950.
- B. Revenue from Amachi Texas totaled \$411,457 and \$323,853 for the years ended for the years ended December 31, 2023 and 2022, respectively, which represents 12% and 11% of total revenue and support for each of those periods, respectively.
- C. Revenue from special events totaled \$378,340 and \$386,871 for the years ended for the years ended December 31, 2023 and 2022, respectively, which represents 11% and 13% of total revenue and support for each of those periods, respectively.
- D. Revenue from the federal government totaled \$567,407 and \$923,453 for the years ended December 31, 2023 and 2022, respectively, which represents 17% and 31% of total revenue and support for each of those periods, respectively.

8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Mentoring - general	\$ -	\$ 20,000
Mentoring - Brazos Valley	2,000	9,112
Workplace Mentoring - New Braunfels	-	4,000
Uvalde	151,187	-
Kerrville	2,000	-
New Braunfels/Seguin	4,055	-
Subject to the passage of time:		
Promises to give, without donor restrictions, but which are unavailable for expenditure until due	52,917	20,425
Net assets with donor restrictions	<u>\$ 212,159</u>	<u>\$ 53,537</u>

(Continued)

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors:

	2023	2022
Expiration of time restrictions	\$ 7,448	\$ 7,447
Satisfaction of purpose restrictions:		
Mentoring - general	130,000	95,000
Mentoring - BIG Futures/BIPOC	71,000	-
Mentoring - Brazos Valley	44,112	42,434
Mentoring - Corpus Christi/Coastal Bend	20,000	20,000
Mentoring - Comal/Guadalupe Cos.	25,000	-
Workplace Mentoring	4,000	-
Uvalde	48,813	-
Kingsville	10,000	-
Job Program	-	5,633
Net assets released from donor restrictions	<u>\$ 360,373</u>	<u>\$ 170,514</u>

9 FEES FROM FEDERAL GOVERNMENTAL AGENCIES

This revenue consists of the following:

	2023		2022	
	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	\$ 88,498	2.6%	\$ 86,020	2.9%
Juvenile Mentoring Program under contracts with U.S. Department of Justice and Big Brothers Big Sisters of America	246,236	7.3%	475,232	16.2%
ARPA Big Brothers Big Sisters Grant Program under a contract with Texas Education Agency and Big Brothers Big Sisters Lone Star	232,673	6.9%	-	0.0%
Total	<u>\$ 567,407</u>	<u>16.8%</u>	<u>\$ 561,252</u>	<u>19.1%</u>

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

10 DONATED SERVICES AND FACILITIES

BBBS received gifts in-kind for the years ended December 31, 2023 and 2022 as follows:

	2023	2022
Advertising	\$ -	\$ 16,240
Professional services	1,744	7,411
Total in-kind contribution revenue	\$ 1,744	\$ 23,651

BBBS' policy related to gifts in-kind is to utilize the assets given to carry out the organization's mission where possible, and to monetize any assets given that do not relate directly to the organization's mission. If an asset is provided that does not allow BBBS to utilize it in its normal course of business, the asset will be sold as its fair market value as determined by appraisal or specialist depending on the type of asset.

11 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 \$121,068 and \$100,000 for periods ending December 31, 2023 and 2022, respectively.

12 LEASING ACTIVITIES

BBBS has several operating leases for office space and office equipment. These leases have remaining lease terms of less than 1 year to 5 years.

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2023	2022
Weighted Average Remaining Lease Term:		
Operating leases	4 years	3 years
Weighted Average Discount Rate:		
Operating leases	3.49%	1.63%

The maturities of lease liabilities as of December 31, 2023 were as follows:

Year Ending December 31,	Amount
2024	\$ 20,628
2025	20,628
2026	20,628
2027	19,532
2028	9,006
Total lease payments	90,422
Less: interest	(6,758)
Present value of lease liabilities	\$ 83,664

Operating lease costs of \$39,983 and \$37,149 were included in rent/occupancy and repairs and maintenance line items in the statement of functional expenses for the years ended December 31, 2023 and 2022, respectively.

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

13 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.

14 RELATED PARTY TRANSACTIONS

Gross unconditional promises to give included \$55,000 for both the years ended December 31, 2023 and 2022 due for capital campaign pledges from members of the board of BBBS.

15 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	\$ 751,984
Investments	2,649,888
Accounts receivable	386,586
Unconditional promises to give, net	<u>74,354</u>
Financial assets at year end	<u>3,862,812</u>
Less those unavailable for general expenditure	
within one year, due to:	
Promises to give due in future years	(52,917)
Board-designated for deferred maintenance	(339,882)
Donor-restricted to expenditure for specific purposes	<u>(159,242)</u>
Financial assets available to meet cash needs	
for general expenditure within one year	<u>\$ 3,310,771</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, 2023, BBBS has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 402 days of average operating expenses.