

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2024

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Schuh|Browne

CERTIFIED PUBLIC
ACCOUNTANTS

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, 2024 and 2023, the related statements of activities and functional expenses for the year ended December 31, 2024, the related statements of cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, the changes in net assets for the year ended December 31, 2024, and its cash flows for the years ended December 31, 2024 and 2023 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Schul Browne, P.C.".

San Antonio, Texas
April 16, 2025

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2024 and 2023

ASSETS	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 827,296	\$ 751,984
Grants and contributions receivable	413,683	386,586
Unconditional promises to give due within one year, net of allowance for uncollectible pledges and discounts	21,451	21,437
Prepaid expenses	<u>46,759</u>	<u>19,125</u>
Total current assets	<u>1,309,189</u>	<u>1,179,132</u>
Investments	<u>2,553,995</u>	<u>2,310,006</u>
Property and equipment:		
Land, building, and improvements	3,068,239	2,825,842
Furniture and equipment	650,058	565,644
Less accumulated depreciation	<u>(954,747)</u>	<u>(844,915)</u>
Property and equipment, net	<u>2,763,550</u>	<u>2,546,571</u>
Other assets:		
Operating lease right-of-use assets	65,672	83,664
Deposits	675	2,352
Cash and investments designated for deferred maintenance	371,830	339,882
Unconditional promises to give, long-term, net of allowance for uncollectible pledges and discounts	<u>59,255</u>	<u>52,917</u>
Total other assets	<u>497,432</u>	<u>478,815</u>
Total assets	<u>\$ 7,124,166</u>	<u>\$ 6,514,524</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 39,994	\$ 31,354
Accrued expenses	130,055	108,468
Current portion of operating lease liabilities	<u>18,624</u>	<u>65,673</u>
Total current liabilities	<u>188,673</u>	<u>205,495</u>
Operating lease liabilities, net of current portion	<u>47,048</u>	<u>17,991</u>
Total liabilities	<u>235,721</u>	<u>223,486</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,495,654	3,192,426
Invested in fixed assets	2,763,550	2,546,571
Designated by the board for deferred maintenance	<u>371,830</u>	<u>339,882</u>
Total net assets without donor restrictions	<u>6,631,034</u>	<u>6,078,879</u>
With donor restrictions:		
Purpose-restricted	198,156	159,242
Time-restricted for future fiscal years	<u>59,255</u>	<u>52,917</u>
Total net assets with donor restrictions	<u>257,411</u>	<u>212,159</u>
Total net assets	<u>6,888,445</u>	<u>6,291,038</u>
Total liabilities and net assets	<u>\$ 7,124,166</u>	<u>\$ 6,514,524</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, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

	Without donor restrictions	With donor restrictions	Total	
			2024	2023
Public support and revenue:				
Public support:				
Special events:				
Gross revenue	\$ 429,759	\$ -	\$ 429,759	\$ 414,303
Less direct expenses	<u>(125,175)</u>	<u>-</u>	<u>(125,175)</u>	<u>(89,862)</u>
Net special events support	304,584	-	304,584	324,441
United Way of San Antonio and Bexar County	342,139	-	342,139	337,139
United Way - other	48,186	-	48,186	45,178
Contributions	767,049	733,130	1,500,179	1,286,017
Loss on disposal of assets	-	-	-	(6,188)
In-kind contributions	<u>1,293</u>	<u>-</u>	<u>1,293</u>	<u>1,744</u>
Total public support	<u>1,463,251</u>	<u>733,130</u>	<u>2,196,381</u>	<u>1,988,331</u>
Revenue:				
Cost reimbursement grants from governmental and other agencies:				
U.S. Department of Justice	17,667	-	17,667	41,352
Texas Dept. of Family and Protective Services	124,530	-	124,530	120,277
Texas Education Agency ARPA BBBS grant program	186,545	-	186,545	232,673
Criminal Justice Division of the Office of the Governor of Texas	74,781	-	74,781	62,904
Amachi Texas	648,481	-	648,481	411,457
Big Brothers Big Sisters of America	214,660	-	214,660	204,884
City of San Antonio	189,400	-	189,400	111,298
City of Bryan/College Station	78,058	-	78,058	39,863
Brazos County	40,000	-	40,000	35,000
Hearne Independent School District	55,000	-	55,000	45,000
City of New Braunfels	10,000	-	10,000	5,500
Investment income	<u>84,949</u>	<u>-</u>	<u>84,949</u>	<u>75,172</u>
Total revenue	<u>1,724,071</u>	<u>-</u>	<u>1,724,071</u>	<u>1,385,380</u>
Net assets released from restrictions	<u>687,878</u>	<u>(687,878)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>3,875,200</u>	<u>45,252</u>	<u>3,920,452</u>	<u>3,373,711</u>
Expenses:				
Program services	2,941,604	-	2,941,604	2,505,390
Supporting services:				
Management and general	207,526	-	207,526	203,757
Fundraising	<u>425,660</u>	<u>-</u>	<u>425,660</u>	<u>389,901</u>
Total expenses	<u>3,574,790</u>	<u>-</u>	<u>3,574,790</u>	<u>3,099,048</u>
Change in net assets before unrealized gains on investments	300,410	45,252	345,662	274,663
Unrealized gains on investments	<u>251,745</u>	<u>-</u>	<u>251,745</u>	<u>238,717</u>
Change in net assets	552,155	45,252	597,407	513,380
Net assets at beginning of year	<u>6,078,879</u>	<u>212,159</u>	<u>6,291,038</u>	<u>5,777,658</u>
Net assets at end of year	<u>\$ 6,631,034</u>	<u>\$ 257,411</u>	<u>\$ 6,888,445</u>	<u>\$ 6,291,038</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, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

	Program	Management and General	Fundraising	Total	
				<u>2024</u>	<u>2023</u>
Salaries and related expenses:					
Salaries	\$ 1,651,444	\$ 79,533	\$ 242,546	\$ 1,973,523	\$ 1,893,787
Employee health benefits	157,627	9,730	27,244	194,601	173,196
Retirement	105,300	6,750	22,950	135,000	121,068
Payroll taxes	132,908	6,401	19,520	158,829	146,452
Travel	80,291	13,224	945	94,460	84,135
Total salaries and related expenses	<u>2,127,570</u>	<u>115,638</u>	<u>313,205</u>	<u>2,556,413</u>	<u>2,418,638</u>
Other operating expenses:					
Awards and grants	43,262	-	-	43,262	20,088
Bad debt expense	-	-	13,598	13,598	10,020
Conference	20,878	6,959	-	27,837	26,640
Information technology	70,376	5,484	15,538	91,398	67,499
Insurance	44,635	24,034	-	68,669	64,402
Member dues	6,664	206	-	6,870	5,270
Affiliation dues	29,754	920	-	30,674	27,587
Postage	1,873	330	-	2,203	2,465
Printing	16,262	2,870	-	19,132	5,836
Professional fees	41,660	13,886	83,319	138,865	102,349
Rent/Occupancy	68,664	12,117	-	80,781	102,373
Repairs and maintenance	21,103	3,724	-	24,827	20,852
Participant costs	146,062	-	-	146,062	88,293
Specific assistance	45,911	-	-	45,911	5,727
Supplies	3,797	670	-	4,467	8,755
Telephone	23,877	4,213	-	28,090	27,550
Uvalde Arts Festival	135,899	-	-	135,899	-
Total other operating expenses	<u>720,677</u>	<u>75,413</u>	<u>112,455</u>	<u>908,545</u>	<u>585,706</u>
Total expenses before depreciation	2,848,247	191,051	425,660	3,464,958	3,004,344
Depreciation	<u>93,357</u>	<u>16,475</u>	<u>-</u>	<u>109,832</u>	<u>94,704</u>
Total expenses	<u>\$ 2,941,604</u>	<u>\$ 207,526</u>	<u>\$ 425,660</u>	<u>\$ 3,574,790</u>	<u>\$ 3,099,048</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 597,407	\$ 513,380
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	109,832	94,704
(Gain) loss on sale of property and equipment	-	6,188
Contributions restricted for purchase of property and equipment	(250,000)	-
Realized and unrealized (gains) losses on investments	(251,745)	(238,717)
Changes in:		
Grants and contributions receivable	(27,097)	(107,389)
Prepaid expenses	(27,634)	22,718
Accounts payable	8,640	6,119
Accrued expenses	21,587	(58,113)
Unconditional promises to give, excluding pledges for capital campaign	<u>(6,352)</u>	<u>(41,680)</u>
Net cash provided by operating activities	<u>176,315</u>	<u>197,210</u>
Cash flows from investing activities:		
Purchase of property and equipment	(326,811)	(85,765)
Proceeds from sales and maturities of investments	-	413,000
Purchase of investments	<u>(24,192)</u>	<u>(432,954)</u>
Net cash used by investing activities	<u>(351,003)</u>	<u>(105,719)</u>
Cash flows from financing activities:		
Contributions restricted for purchase of property and equipment	<u>250,000</u>	<u>-</u>
Net cash provided by financing activities	<u>250,000</u>	<u>-</u>
 Net increase in cash and cash equivalents	75,312	91,491
 Cash and cash equivalents at beginning of year	<u>751,984</u>	<u>660,493</u>
 Cash and cash equivalents at end of year	<u>\$ 827,296</u>	<u>\$ 751,984</u>
 Schedule of supplemental cash flow information:		
Non-cash contributions:		
Other contributions of non-financial assets and services (see Note 9)	<u>\$ 1,293</u>	<u>\$ 1,744</u>
 Non-cash investing and financing transaction:		
Lease of equipment:		
Equipment	\$ -	\$ 86,305
Operating lease obligation	-	(86,305)

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

BBBS reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for a maintenance reserve. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

BBBS's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BBBS's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

(Continued)

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets and Services

Donated investments, real property, and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BBBS.

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 15,904 hours in 2024 and 14,672 in 2023. An approximate economic value for this volunteer time contributed for the State of Texas is \$31.94 per hour for 2024 and \$29.86 per hour for 2023 using the most recent data released by the U.S. Bureau of Labor Statistics for both 2024 and 2023. Applying this rate, the BBBS' volunteer mentor services would be valued at approximately \$507,974 for 2024 and \$438,106 for 2023. Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as approximately 84% and 83% of total BBBS expenses for the years ended December 31, 2024 and 2023, respectively. Support services would be approximately 16% of total BBBS expenses for both the years ended December 31, 2024 and 2023. Program expenses as a percentage of total BBBS expenses in the audited financial statements are approximately 82% for 2024 and 81% for 2023, respectively and support services expenses as a percentage of total BBBS expenses in the audited financial statements are 18% for 2024 and 19% for 2023, respectively.

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.

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.

(Continued)

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Unconditional Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Grants and Contributions Receivable

Contributions receivable, and receivables from grants that do not involve any exchange transaction, are recorded net of an allowance for uncollectible accounts. BBBS determines its allowances based on historical trends for collectability of similar receivables.

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 \$10,000. 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)

Leases

BBBS has elected not to separate lease components from non-lease components when allocating contract consideration for all classes of leased assets. For purposes of valuing lease liabilities, BBBS has also elected to use a risk-free rate as the discount rate for all classes of leased assets.

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.

Change in Accounting Principle

Adoption of FASB ASC 326 (Financial Instruments – Credit Losses)

Effective January 1, 2024, BBBS adopted FASB ASC 326, *Financial Instruments – Credit Losses*. This standard replaces the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) model. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For BBBS, the standard applies to the measurement of its accounts receivable for program underwriting. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balance to the net amount expected to be collected over the lives of the receivables. No transition measurement was recorded this year, as BBBS did not carry any receivables from exchange transactions subject to ASC 326 during the year.

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 April 16, 2025, which is the date the financial statements were available to be issued.

3 INVESTMENTS

BBBS' investments consisted of the following at December 31, 2024 and 2023:

	2024		2023	
	Cost	Market	Cost	Market
Exchange-traded funds:				
Equity funds	\$ 312,662	\$ 349,548	\$ 300,233	\$ 313,054
Mutual funds:				
Equity funds	1,005,548	1,552,821	1,005,548	1,304,560
Equity and bond funds	2,551	2,190	2,551	2,179
Bond funds	755,100	746,571	755,100	765,278
Government obligation funds	284,920	274,695	273,154	264,817
Total investments	<u>\$ 2,360,781</u>	<u>2,925,825</u>	<u>\$ 2,336,586</u>	<u>2,649,888</u>
Less investments designated for maintenance		(371,830)		(339,882)
Total undesignated investments		<u>\$ 2,553,995</u>		<u>\$ 2,310,006</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, 2024 and 2023, 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

Grants and contributions receivable at December 31, 2024 and 2023, 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, as well as amounts currently due from contributions from donors.

Management analyzes aging of accounts receivable on a monthly basis. Grants and contributions 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, 2024 and 2023, management estimated the allowance for doubtful accounts to be \$-0-. Balances 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, 2024, BBBS' uninsured cash balances totaled \$493,445.

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, 2024 and 2023, unconditional promises to give were discounted to present value using an average rate of 3.76% and 3.91%, respectively, since they are expected to be collected over several years. Pledges are expected to be realized in the following years:

	2024	2023
In one year or less	\$ 113,864	\$ 108,651
Between one and five years	151,650	139,700
	<u>265,514</u>	<u>248,351</u>
Estimated allowance for uncollectible pledges	(178,692)	(168,493)
Present value discount	<u>(6,116)</u>	<u>(5,504)</u>
Net unconditional promises to give	<u>\$ 80,706</u>	<u>\$ 74,354</u>

There were no conditional promises to give to BBBS outstanding at December 31, 2024 and 2023.

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

6 REVENUE AND SUPPORT CONCENTRATIONS

- A. United Way support received totaled \$390,325 and \$382,317 for the years ended December 31, 2024 and 2023, respectively. This equates to 10% and 11% of total revenue and support for each of those periods, respectively. BBBS' remaining approved United Way allocation for the year ending June 30, 2025 is \$161,950.
- B. Revenue from Amachi Texas totaled \$648,481 and \$411,457 for the years ended for the years ended December 31, 2024 and 2023, respectively, which represents 17% and 12% of total revenue and support for each of those periods, respectively.
- C. Revenue from special events totaled \$304,584 and \$324,441 for the years ended for the years ended December 31, 2024 and 2023, respectively, which represents 8% and 10% of total revenue and support for each of those periods, respectively.
- D. Revenue from the federal government totaled \$671,698 and \$567,407 for the years ended December 31, 2024 and 2023, respectively, which represents 17% and 17% of total revenue and support for each of those periods, respectively.

7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Subject to expenditure for specified purpose:		
Mentoring - Brazos Valley	\$ -	\$ 2,000
Mentoring - Ingleside	30,000	-
Uvalde	62,520	151,187
Kerrville	2,000	2,000
New Braunfels/Seguin	3,636	4,055
Subject to the passage of time:		
Subject to expenditure in future fiscal years	100,000	-
Promises to give, without donor restrictions, but which are unavailable for expenditure until due	59,255	52,917
Net assets with donor restrictions	<u>\$ 257,411</u>	<u>\$ 212,159</u>

(Continued)

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

7 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:

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions	\$ 20,607	\$ 7,448
Satisfaction of purpose restrictions:		
Roof replacement	250,000	-
Mentoring - general	147,500	130,000
Mentoring - BIG Futures/BIPOC	-	71,000
Mentoring - Brazos Valley	13,049	44,112
Mentoring - Corpus Christi/Coastal Bend	-	20,000
Mentoring - Comal/Guadalupe Cos.	-	25,000
Workplace Mentoring	-	4,000
Uvalde	238,667	48,813
Kerrville	14,000	-
Kingsville	-	10,000
New Braunfels/Seguin	4,055	-
	<u>\$ 687,878</u>	<u>\$ 360,373</u>

8 FEES FROM FEDERAL GOVERNMENTAL AGENCIES

This revenue consists of the following:

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>Percent of Total Support and Revenue</u>	<u>Amount</u>	<u>Percent of Total Support and Revenue</u>
Promoting Safe and Stable Families under a contract with the Texas Department of Family and Protective Services	\$ 88,860	2.3%	\$ 88,498	2.6%
Juvenile Mentoring Program under contracts with U.S. Department of Justice and Big Brothers Big Sisters of America	232,327	5.9%	246,236	7.3%
Community Development Block Grants under contracts with the Cities of New Braunfels, Bryan, and College Station	88,058	2.2%	-	0.0%
ARPA Big Brothers Big Sisters Grant Program under contracts with Texas Education Agency and Big Brothers Big Sisters Lone Star, and the City of San Antonio	262,453	6.7%	232,673	6.9%
Total	<u>\$ 671,698</u>	<u>17.1%</u>	<u>\$ 567,407</u>	<u>16.8%</u>

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

9 DONATED SERVICES AND FACILITIES

BBBS received gifts in-kind for the years ended December 31, 2024 and 2023 as follows:

	2024	2023
Advertising	\$ -	\$ -
Professional services	1,293	1,744
Total in-kind contributon revenue	<u>\$ 1,293</u>	<u>\$ 1,744</u>

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.

10 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 \$135,000 and \$121,068 for periods ending December 31, 2024 and 2023, respectively.

11 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:

	2024	2023
Weighted Average Remaining Lease Term:		
Operating leases	3.4 years	4 years
Weighted Average Discount Rate:		
Operating leases	3.50%	3.49%

The maturities of lease liabilities as of December 31, 2024 were as follows:

Year Ending December 31,	Amount
2025	\$ 20,628
2026	20,628
2027	19,532
2028	9,006
Total lease payments	69,794
Less: interest	(4,122)
Present value of lease liabilities	<u>\$ 65,672</u>

Operating lease costs of \$46,105 and \$39,983 were included in rent/occupancy and repairs and maintenance line items in the statement of functional expenses for the years ended December 31, 2024 and 2023, respectively.

BIG BROTHERS BIG SISTERS OF SOUTH TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

12 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.

13 RELATED PARTY TRANSACTIONS

Gross unconditional promises to give included \$55,000 for both the years ended December 31, 2024 and 2023 due for capital campaign pledges from members of the board of BBBS.

14 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	\$ 827,296
Investments	2,925,825
Grants and contributions receivable	413,683
Unconditional promises to give, net	<u>80,706</u>
Financial assets at year end	4,247,510
Less those unavailable for general expenditure within one year, due to:	
Promises to give due in future years	(59,255)
Board-designated for deferred maintenance	(371,830)
Donor-restricted to expenditure for specific purposes	<u>(198,156)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,618,269</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, 2024, BBBS has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 381 days of average operating expenses.

15 SUBSEQUENT EVENTS

Subsequent to year end, BBBS learned that a recurring annual grant award from a local agency would not be renewed once the current award period ends on June 30, 2025. Revenue from that award for the twelve months preceding June 30, 2025 is expected to amount to \$323,900, which is equivalent to roughly 15% of total support and revenue for the year ended June 30, 2024.