

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Big Brothers Big Sisters of the Midlands  
Omaha, Nebraska

### **Opinion**

We have audited the financial statements of Big Brothers Big Sisters of the Midlands (the Organization), a Nebraska non-profit corporation, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the Organization financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management of 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Auditor's Responsibilities for the Audits 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 the Organization'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 the Organization'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 finding, and certain internal control-related matters that we identified during the audit.

*Bland + Associates, P.C.*

Omaha, Nebraska  
May 29, 2024

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS  
STATEMENTS OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 5,280,607	\$ 4,089,188
Unconditional Promises to Give	308,177	459,635
Employee Retention Credit Receivable	104,872	104,872
Prepaid Expenses	33,501	29,649
Total Current Assets	5,727,157	4,683,344
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipment	10,584	10,584
Leasehold Improvements	144,804	144,804
	155,388	155,388
Less Accumulated Depreciation	(80,941)	(32,673)
Total Property and Equipment	74,447	122,715
<b>OTHER ASSETS</b>		
Unconditional Promises to Give, Less Current Portion	70,000	35,000
Beneficial Interest in Assets Held by Omaha Community Foundation	14,941	13,405
Operating Lease Right-of-Use Asset	29,441	57,176
Finance Lease Right-of-Use Asset, Less Accumulated Amortization of \$13,997 and \$5,999, Respectively	25,995	33,993
Total Other Assets	140,377	139,574
	<b>\$ 5,941,981</b>	<b>\$ 4,945,633</b>
<b>LIABILITIES AND NET ASSETS</b>		
	<b>2023</b>	<b>2022</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 16,414	\$ 5,574
Accrued Vacation	136,498	109,425
Accrued Wages	68,663	66,562
Current Portion of Operating Lease Liability	27,786	29,370
Current Portion of Finance Lease Liability	7,970	7,861
Total Current Liabilities	257,331	218,792
<b>LONG-TERM LIABILITIES</b>		
Operating Lease Liability, Less Current Portion	3,627	31,413
Finance Lease Liability, Less Current Portion	18,335	26,305
Total Long-Term Liabilities	21,962	57,718
Total Liabilities	279,293	276,510
<b>COMMITMENTS AND CONTINGENCIES</b>		
	-	-
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	5,273,511	4,163,488
Total Without Donor Restrictions	5,273,511	4,163,488
With Donor Restrictions:		
Perpetual in Nature	11,000	11,000
Time Restricted for Future Periods	378,177	494,635
Total With Donor Restrictions	389,177	505,635
Total Net Assets	5,662,688	4,669,123
	<b>\$ 5,941,981</b>	<b>\$ 4,945,633</b>

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

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Years Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES AND SUPPORT</b>						
Contributions and Grants	\$ 3,158,776	\$ 256,509	\$ 3,415,285	\$ 4,613,684	\$ 163,800	\$ 4,777,484
United Way of the Midlands	57,216	86,668	143,884	80,481	70,000	150,481
Special Events	319,601	-	319,601	213,376	-	213,376
In-Kind Contributions	44,164	-	44,164	37,794	-	37,794
Investment Revenue	105,191	-	105,191	11,708	-	11,708
Miscellaneous Income	4,567	-	4,567	2,554	-	2,554
Loss on Disposal of Property and Equipment	-	-	-	(92)	-	(92)
Net Assets Released from Restriction - Timing Restrictions	459,635	(459,635)	-	434,615	(434,615)	-
Total Operating Revenues and Support	4,149,150	(116,458)	4,032,692	5,394,120	(200,815)	5,193,305
<b>OPERATING EXPENSES</b>						
Program Services	2,423,923	-	2,423,923	2,128,824	-	2,128,824
Management and General	190,507	-	190,507	163,645	-	163,645
Fundraising	424,697	-	424,697	403,284	-	403,284
Total Operating Expenses	3,039,127	-	3,039,127	2,695,753	-	2,695,753
<b>CHANGES IN NET ASSETS</b>	1,110,023	(116,458)	993,565	2,698,367	(200,815)	2,497,552
<b>NET ASSETS - BEGINNING OF YEAR</b>	4,163,488	505,635	4,669,123	1,465,121	706,450	2,171,571
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,273,511</u>	<u>\$ 389,177</u>	<u>\$ 5,662,688</u>	<u>\$ 4,163,488</u>	<u>\$ 505,635</u>	<u>\$ 4,669,123</u>

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**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,493,026	\$ 132,108	\$ 223,586	\$ 1,848,720
Benefits	223,617	17,057	32,275	272,949
Taxes and Withholdings	109,334	8,273	16,619	134,226
Total Salaries and Related Expenses	<u>1,825,977</u>	<u>157,438</u>	<u>272,480</u>	<u>2,255,895</u>
Professional Fees	149,133	6,935	14,784	170,852
Fund Development	-	-	79,589	79,589
Occupancy	59,008	4,542	8,851	72,401
Program Services	62,773	-	-	62,773
Depreciation	46,138	3,376	6,752	56,266
Recruitment	55,080	-	-	55,080
Insurance	43,934	3,215	6,429	53,578
Supplies	28,408	5,183	12,013	45,604
In-Kind Donations	44,164	-	-	44,164
Membership Dues/Fees	30,187	785	-	30,972
Travel	25,065	3,231	1,184	29,480
Telecommunications	22,406	1,318	2,703	26,427
Conference/Meetings	16,125	555	1,375	18,055
Bank Charges and Fees	-	-	16,530	16,530
Other (Miscellaneous)	10,106	2,597	179	12,882
Equipment Rental and Maintenance	1,442	711	1,423	3,576
Postage, Delivery, Printing and Publication	2,766	202	405	3,373
Background Checks	1,211	-	-	1,211
Interest	-	419	-	419
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,423,923</u></b>	<b><u>\$ 190,507</u></b>	<b><u>\$ 424,697</u></b>	<b><u>\$ 3,039,127</u></b>

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

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**For the Year Ended December 31, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 1,324,911	\$ 113,391	\$ 220,010	\$ 1,658,312
Benefits	196,552	15,462	28,760	240,774
Taxes and Withholdings	100,829	7,404	14,807	123,040
Total Salaries and Related Expenses	<u>1,622,292</u>	<u>136,257</u>	<u>263,577</u>	<u>2,022,126</u>
Professional Fees	97,405	8,771	17,196	123,372
Supplies	80,025	4,374	13,617	98,016
Occupancy	62,038	4,831	8,781	75,650
Fund Development	-	-	68,114	68,114
Insurance	39,802	2,912	5,825	48,539
Recruitment	40,845	-	-	40,845
In-Kind Donations	37,794	-	-	37,794
Program Services	32,047	-	-	32,047
Depreciation and Amortization	24,764	1,812	3,624	30,200
Membership Dues/Fees	28,360	200	335	28,895
Travel	19,762	698	752	21,212
Telecommunications	12,345	763	4,543	17,651
Bank Charges and Fees	-	97	13,689	13,786
Conference/Meetings	7,589	521	890	9,000
Other (Miscellaneous)	6,324	1,297	777	8,398
Background Checks	8,109	-	-	8,109
Equipment Rental and Maintenance	5,134	434	743	6,311
Postage, Delivery, Printing and Publication	4,189	294	821	5,304
Interest	-	384	-	384
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,128,824</u></b>	<b><u>\$ 163,645</u></b>	<b><u>\$ 403,284</u></b>	<b><u>\$ 2,695,753</u></b>

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



**BIG BROTHERS BIG SISTERS OF THE MIDLANDS  
STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 993,565	\$ 2,497,552
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By Operating Activities		
Depreciation and Amortization	56,266	30,200
Unrealized (Gain) Loss on Beneficial Interest on Assets Held by Omaha Community Foundation	(1,536)	2,583
Loss on Disposal of Property and Equipment	-	92
(Increase) Decrease in Assets:		
Unconditional Promises to Give	116,458	200,815
Prepaid Expenses	(3,852)	(2,287)
Increase (Decrease) in Liabilities:		
Accounts Payable	15,120	(19,240)
Accrued Vacation	27,073	20,800
Accrued Wages	(2,179)	15,726
Operating Lease Liability	(1,635)	3,607
Net Cash Provided By Operating Activities	1,199,280	2,749,848
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	-	(144,799)
Net Cash Used In Investing Activities	-	(144,799)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Finance Lease Liabilities	(7,861)	(5,826)
Net Cash Used In Financing Activities	(7,861)	(5,826)
Net Increase in Cash and Cash Equivalents	1,191,419	2,599,223
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	4,089,188	1,489,965
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,280,607</b>	<b>\$ 4,089,188</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>		
Operating Lease Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	\$ -	\$ 83,838
Finance Lease Right-of-Use Asset Obtained in Exchange for Finance Lease Liability	\$ -	\$ 39,992

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

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Big Brothers Big Sisters of the Midlands (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

**Reporting Entity**

The Organization is a 501(c)(3) nonprofit organization for the purpose of creating and supporting one-to-one mentoring relationships that ignite the power and promise of youth. The Organization's support comes primarily from individual and foundation donor contributions and grants which can vary in concentration at any time depending on the year.

**Basis of Presentation**

The Organization maintains its accounts on the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) 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, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction.

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

**Measure of Operations**

In the statements of activities and changes in net assets, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, are recognized as operating support, revenues, gains, and losses.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statements of cash flows.

**Unconditional Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management reports promises to give net of allowance for uncollectible promises on its financial statements. The Organization considers promises to give to be 100% collectible; therefore, no allowance for uncollectible amounts has been established.

**Property and Equipment**

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs of less than \$1,000 are charged to expense as incurred. The cost of assets disposed, and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment (Continued)**

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Office Equipment	5-15
Leasehold Improvements	3

**Beneficial Interest in Assets Held by Omaha Community Foundation**

The Organization established an endowment fund that is perpetual in nature under a community foundation. The Organization granted variance power to the community foundation, which allows the community foundation to have ultimate authority and control over the fund and the income derived therefrom. The fund is held and invested by the community foundation for the Organization's benefit and is reported at fair value within the statements of financial position, with distributions and changes in fair value recognized in the statements of activities and changes in net assets.

**Compensated Absences**

Employees of the Organization are entitled to certain amounts of paid personal time off. In the event of termination, an employee is reimbursed for accumulated unused paid time off. The Organization's policy is to recognize the cost of the compensated absences when actually earned by the employees and is included in the accompanying financial statements.

**Revenue and Revenue Recognition**

The Organization recognizes revenue when a customer obtains controls of promised goods or services, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies the performance obligation. The Organization only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer.

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

At contract inception, once the contract is determined to be within the scope of Topic 606, the Organization assesses the goods or services promised within each contract and determines those that are performance obligations. The Organization then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received at a point in time when the event takes place.

The Organization 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. All support and revenues are considered unrestricted unless stipulated by the donor or grantor.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**In-Kind Contributions and Donated Services**

Contributions of gifts in-kind that can be used by the Organization are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the years ended December 31, 2023 and 2022, in-kind materials and services totaled \$44,164 and \$37,794, respectively. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributions of nonfinancial assets included in the statements of activities and changes in net assets are comprised of the following as of December 31,:

	<u>2023</u>	<u>2022</u>
Marketing	\$ 6,045	\$ 28,150
Legal Services	30,607	-
Event Donations/Other	7,512	9,644
	<u>\$ 44,164</u>	<u>\$ 37,794</u>

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**In-Kind Contributions and Donated Services (Continued)**

The contributed marketing was used for general and administrative activities. In valuing the marketing amounts contributed, the Organization estimated the fair value at prices of identical or similar marketing products purchased in the region and based on the fair value as provided by the marketing firm.

Contributed legal services were used for general and administrative activities pertaining to contract negotiation. In valuing the services, the Organization estimated the fair value at prices that would need to be purchased and based on the fair value as provided directly by the attorney.

Contributed event donations were used for various events, including the Basketball Bash. The Organization estimated the fair value at prices of identical products purchased in the region.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among program and supporting services are based on management's estimate of services benefited.

**Program Services**

Program services include community-based mentoring, Mentor U, Latino mentoring, foster care, mentoring children of prisoners and juvenile justice.

**Advertising**

The Organization uses advertising to promote its programs, recruit volunteer mentors, and raise awareness about community-based mentoring. Advertising costs are expensed as incurred. Advertising expense (including in-kind advertising) for the years ended December 31, 2023 and 2022 was \$50,831 and \$68,995, respectively.

**Income Taxes**

The Organization has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. As such, no provision for income taxes is reflected in the financial statements.

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

The Organization files Form 990, *Return of Organization Exempt from Income Tax*, in the U.S. Federal and state jurisdictions. As of December 31, 2023, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years subsequent to 2019 remain subject to examination by major tax jurisdictions.

The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

**Subsequent Events**

Management has evaluated subsequent events through May 29, 2024, which is the date the financial statements were available to be issued.

Effective January 1, 2024, the Organization acquired Big Brothers Big Sisters Lincoln (BBBS Lincoln) and substantially all of the assets and liabilities of BBBS Lincoln. Combining operations of the Organization and BBBS Lincoln is expected to further the charitable purpose of providing mentorship to youth participants serving the region. As of December 31, 2023, total assets, and liabilities of BBBS Lincoln were \$78,013 and \$16,914, respectively. No consideration was transferred to BBBS Lincoln during the acquisition. The Organization also assumed the commercial lease agreement as of January 1, 2024. BBBS Lincoln will be included in the financial statements for the year ended December 31, 2024 which will result in an inherent contribution.

**NOTE B – CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to credit risk consist of cash, beneficial interest in assets, and unconditional promises to give. The Organization maintains cash balances in financial institutions in which balances sometimes exceed the federally insured limits.

**NOTE C – LIQUIDITY AND AVAILABILITY**

As part of the Organization'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. To manage any unanticipated liquidity needs, the Organization holds a three-month operating reserve, but also has the ability to use currently held credit cards. If there is further need, the Organization has the option to obtain a line of credit with their current financial institution.

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE C – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following:

Cash and Cash Equivalents	\$ 5,280,607
Current Portion of Unconditional Promises to Give	<u>308,177</u>
	5,588,784
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:	
Current Portion of Unconditional Promises to Give restricted by donor with both time and purpose restrictions	<u>(136,668)</u>
	<u>\$ 5,452,116</u>

**NOTE D – UNCONDITIONAL PROMISES TO GIVE**

The maturities of unconditional promises to give are as follows at December 31,:

	2023	2022
Receivable in Less than One Year	\$ 308,177	\$ 459,635
Receivable in One to Five Years	<u>70,000</u>	<u>35,000</u>
	<u>\$ 378,177</u>	<u>\$ 494,635</u>

In addition, the Organization has conditional promises to give in the amount of \$180,000 and \$160,000 that are not recognized as assets in the statements of financial position for December 31, 2023 and 2022, respectively. These promises represent grant awards which are conditioned upon the Organization obtaining matching funding.

**NOTE E – NET ASSETS**

Net assets with donor restrictions are available for the following purposes or periods as of December 31,:

	2023	2022
Promises to give which are unavailable for expenditure until due	\$ 378,177	\$ 494,635
Perpetual Endowment	<u>11,000</u>	<u>11,000</u>
Net Assets with Donor Restrictions	<u>\$ 389,177</u>	<u>\$ 505,635</u>



**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE E – NET ASSETS (Continued)**

Included in the \$378,177 and \$494,635 of time restricted net assets is \$136,668 and \$390,835, respectively, that is also restricted for specific programs as noted below as of December 31, 2023 and 2022. Once the funds are received, they will be moved to their respective program restriction.

	2023	2022
Community Based Mentoring Program	\$ 106,668	\$ 180,835
MentorU	30,000	190,000
Youth and Empowerment Scholarship	-	20,000
	\$ 136,668	\$ 390,835

**NOTE F – LEASES**

The Organization made an accounting policy election available under Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842) not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

The Organization leased office equipment under operating leases that expired in 2022. In 2022, the Organization entered into a new lease for some of its office equipment which expires in July 2027. Monthly payments are \$119 per month.

In December 2021, the Organization obtained a lease for office space which is set to expire in November 2024. The lease calls for an initial base rent amount which increases throughout the lease term, ranging from \$1,380 to \$2,415. In addition to the base rent amount, the Organization is required to pay their pro-rata share of operating expenses. The lease has an extension option for one year but the Organization is not reasonably certain this option will be exercised.

The Organization’s operating leases generally do not contain any material restrictive covenants or residual value guarantees.

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE F – LEASES (Continued)**

In 2022, the Organization began leasing office equipment under an agreement that is classified as a finance lease. The lease is set to expire in 2027 and has an interest rate of 1.37%. The cost of equipment under the finance lease amounted to \$39,992 at December 31, 2023 and 2022 and is included in the statements of financial position as a Finance Lease Right-of-Use Asset. Accumulated amortization on the leased equipment amounted to \$13,997 and \$5,999 at December 31, 2023 and 2022, respectively. Amortization of assets under the finance lease is included in depreciation and amortization expense. The Organization's finance leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense, which is included in occupancy expense in the statements of functional expenses, are as follows for the year ended December 31,:

	2023	2022
Finance lease cost – amortization of right-of-use assets	\$ 7,998	\$ 5,999
Finance lease cost – interest on lease liabilities	419	384
Operating lease cost	28,220	27,837
Variable lease cost	36,388	21,276
Total lease cost	<u>\$ 73,025</u>	<u>\$ 55,496</u>

Supplemental information related to leases is as follows for the year ended December 31,:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows – payments on operating leases	\$ 29,855	\$ 23,780
Operating cash outflows – payments on finance leases (interest)	\$ 419	\$ 384
Financing cash outflows – payments on finance leases (principal)	\$ 7,861	\$ 5,826
Right-of-use assets obtained in exchange for new lease obligations		
Operating leases	\$ -	\$ 83,838
Finance leases	\$ -	\$ 39,992
Weighted-average remaining lease term- operating	1.34 years	2.20 years
Weighted-average remaining lease term- finance	3.25 years	4.25 years
Weighted-average discount rate- operating	1.09%	1.08%
Weighted-average discount rate- finance	1.37%	1.37%

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE F – LEASES (Continued)**

Future undiscounted cash flows and a reconciliation to the lease liabilities recognized on the statements of financial position are as follows as of December 31, 2023:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 27,959	\$ 8,280
2025	1,428	8,280
2026	1,428	8,280
2027	833	2,070
Total Lease Payments	31,648	26,910
Less Imputed Interest	235	605
Total Present Value of Lease Liabilities	<u>\$ 31,413</u>	<u>\$ 26,305</u>

On November 2023, the Organization entered into an agreement to lease another commercial space. The lease will commence on the later of January 1, 2024 or the delivery date of the property. The lease is for 10 years with monthly rent ranging from \$10,890 to \$13,010.

**NOTE G – RETIREMENT PLAN**

Prior to 2023, the Organization had a Simple IRA pension plan for the benefit of the employees. The Organization made a contribution to the plan equal to 100% of the salary reduction amount by participant up to a maximum of 3% of compensation. Effective January 1, 2023, the Organization adopted a new defined contribution plan. Under this plan, the Organization makes a safe harbor contribution to the plan equal to 100% of the salary reduction amount by participant up to 3% of compensation plus an additional 50% of the salary reduction amount for the next 2% of deferrals. Contributions totaled \$50,016 and \$31,721 for the years ended December 31, 2023 and 2022, respectively.

**NOTE H – TRANSACTIONS WITH BIG BROTHERS BIG SISTERS OF AMERICA**

The Organization receives grant allocations from Big Brothers Big Sisters of America (BBBSA) each year. The Organization received \$143,494 and \$134,190 in grant allocations for the years ended December 31, 2023 and 2022, respectively. The Organization also pays BBBSA affiliation dues each year. For the years ended December 31, 2023 and 2022, these dues totaled \$28,272 and \$25,665, respectively.

**BIG BROTHERS BIG SISTERS OF THE MIDLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Years Ended December 31, 2023 and 2022**

**NOTE I – EMPLOYEE RETENTION CREDIT RECEIVABLE AND GRANT REVENUE**

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. It provides a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. It works as a refundable payroll tax credit claimed quarterly, and it can provide reductions to payroll taxes or cash refunds.

The CARES Act did not allow businesses that received PPP loans to also claim the ERC, but the Consolidated Appropriations Act, which was enacted at the end of 2020, retroactively removed the limitation so entities that had applied for or received PPP loans could still get the ERC.

The Organization decided to account for ERC using the conditional contribution model. In 2021 and 2022, the Organization began the process of filing for ERC credits for 2020 (in the amount of \$117,013) and Quarters 1 and 2 of 2021 (in the amounts of \$104,872 and \$24,137, respectively). As of December 31, 2023, there is \$104,872 in Employee Retention Credit Receivable which represents refunds due on the 2021 Form 941 Employer Quarterly Federal Tax Return for the quarter ended March 31, 2021. This amount had not yet been received as of December 31, 2023. The amended filings for 2020 and Quarter 2 of 2021 have not yet been completed and therefore, revenue has not been recognized.

**NOTE J – RECLASSIFICATIONS**

Certain reclassifications were made to the 2022 financial statements to conform to the 2023 presentation.