

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

**Financial Statements
as of and for the Years Ended
December 31, 2021 and 2020 and
Independent Auditors' Report**

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
DECEMBER 31, 2021 AND 2020**

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Independent Auditors' Report

To the Board of Directors of
Big Brothers Big Sisters of Central Texas, Inc.

Opinion

We have audited the accompanying financial statements of the Big Brothers Big Sisters of Central Texas, Inc. (a nonprofit organization) (the Agency), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 the Agency as of December 31, 2021 and 2020, and the results of its operations 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 Agency 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 for the Financial Statements

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

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 Agency's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditors' Responsibility 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 auditors' 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 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.

In performing an audit in accordance with GAAS, 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 JUST Community, 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 JUST Community, 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.

Atchley & Associates, LLP

Austin, Texas

May 19, 2022

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 994,003	\$ 438,668
Accounts receivable	2,163	2,992
Contributions receivable, net	93,470	78,447
Government grants and contracts receivable	163,187	141,618
Prepaid expense	4,306	8,801
Total current assets	1,257,129	670,526
LONG-TERM CONTRIBUTIONS RECEIVABLE, net	2,102	13,936
PROPERTY AND EQUIPMENT, net	4,085,243	4,246,958
TOTAL ASSETS	\$ 5,344,474	\$ 4,931,420
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 133,376	\$ 11,060
Accrued liabilities	-	69,221
Current portion of capital lease obligation	10,254	19,781
Current portion of deferred rental income	27,500	27,500
Deferred revenue - other	-	2,188
Line of credit	135,000	-
Total current liabilities	306,130	129,750
CAPITAL LEASE OBLIGATION	-	10,254
DEFERRED RENTAL INCOME	657,708	685,208
Total liabilities	963,838	825,212
NET ASSETS:		
Without donor restrictions		
Undesignated	4,158,049	3,850,229
Board designated	212,650	212,536
With donor restrictions	9,937	43,443
Total net assets	4,380,636	4,106,208
TOTAL LIABILITIES AND NET ASSETS	\$ 5,344,474	\$ 4,931,420

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

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND NET ASSETS RELEASED			
FROM RESTRICTIONS:			
Contributions and other grants	\$ 458,031	\$ 4,687	\$ 462,718
Special events	1,312,577	5,000	1,317,577
Government grants	794,327	-	794,327
Contributed goods and services	201,681	-	201,681
Other income	167,187	-	167,187
Net assets released from restrictions	43,193	(43,193)	-
Total revenues and net assets released from restrictions	2,976,996	(33,506)	2,943,490
EXPENSES			
Mentoring program	1,263,104	-	1,263,104
Fundraising	1,059,552	-	1,059,552
Management and general	346,406	-	346,406
Total expenses	2,669,062	-	2,669,062
CHANGE IN NET ASSETS	307,934	(33,506)	274,428
NET ASSETS, beginning of year	4,062,765	43,443	4,106,208
NET ASSETS, end of year	\$ 4,370,699	\$ 9,937	\$ 4,380,636

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

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND NET ASSETS RELEASED			
FROM RESTRICTIONS:			
Contributions and other grants	\$ 521,591	\$ 3,750	\$ 525,341
Special events	699,824	9,693	709,517
Government grants	647,888	-	647,888
Contributed goods and services	95,916	-	95,916
Other income	408,817	-	408,817
Net assets released from restrictions	164,400	(164,400)	-
Total revenues and net assets released from restrictions	2,538,436	(150,957)	2,387,479
EXPENSES			
Mentoring program	1,438,802	-	1,438,802
Fundraising	762,871	-	762,871
Management and general	351,620	-	351,620
Total expenses	2,553,293	-	2,553,293
CHANGE IN NET ASSETS	(14,857)	(150,957)	(165,814)
NET ASSETS, beginning of year	4,077,622	194,400	4,272,022
NET ASSETS, end of year	\$ 4,062,765	\$ 43,443	\$ 4,106,208

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

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Supporting Services				Total
	Program Services	Mentoring Program	Fundraising	Management & General	
Personnel services	\$ 858,181	\$ 212,922	\$ 249,862	\$ 462,784	\$ 1,320,965
Fundraising events	-	377,268	-	377,268	377,268
Contributed rent	84,973	14,535	12,299	26,834	111,807
Communications and printing	28,434	49,752	6,957	56,709	85,143
Insurance	45,030	9,598	10,771	20,369	65,399
Professional and contract services	34,812	41,788	27,952	69,740	104,552
Occupancy	30,540	5,419	7,891	13,310	43,850
Bad debt expense	-	69,776	-	69,776	69,776
Membership dues	29,203	3,307	7,692	10,999	40,202
Miscellaneous expenses	787	50,934	2,348	53,282	54,069
Equipment rental and maintenance	4,139	337	527	864	5,003
Supplies and refreshments	2,304	317	1,382	1,699	4,003
Interest expense	2,479	424	359	783	3,262
Volunteer and client recruitment	17,781	-	229	229	18,010
Travel	642	471	349	820	1,462
Program events and activities	895	-	-	-	895
Total Expenses before depreciation	1,140,200	836,848	328,618	1,165,466	2,305,666
Depreciation	122,904	21,023	17,788	38,811	161,715
Total Expenses before contributed goods and services	1,263,104	857,871	346,406	1,204,277	2,467,381
Contributed goods and services	-	201,681	-	201,681	201,681
Total Expenses	\$ 1,263,104	\$ 1,059,552	\$ 346,406	\$ 1,405,958	\$ 2,669,062

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

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Supporting Services				Total
	Program Services	Mentoring Program	Fundraising	Management & General	
Personnel services	\$ 1,069,463		\$ 290,022	\$ 274,590	\$ 564,612
Fundraising events	-		153,835	-	153,835
Contributed rent	81,060		19,007	11,740	30,747
Communications and printing	18,739		64,972	9,181	74,153
Insurance	45,413		9,585	10,455	20,040
Professional and contract services	27,232		15,808	7,106	22,914
Occupancy	31,746		8,022	9,185	17,207
Bad debt expense	-		45,242	-	45,242
Membership dues	27,495		6,960	4,371	11,331
Miscellaneous expenses	1,215		27,139	2,154	29,293
Equipment rental and maintenance	4,924		1,140	691	1,831
Supplies and refreshments	3,395		706	1,491	2,197
Interest expense	3,304		775	478	1,253
Volunteer and client recruitment	3,272		25	15	40
Travel	1,047		155	1,106	1,261
Program events and activities	66		-	-	-
Total Expenses before depreciation	1,318,371		643,393	332,563	975,956
Depreciation	118,211		27,719	17,120	44,839
Total Expenses before contributed goods and services	1,436,582		671,112	349,683	1,020,795
Contributed goods and services	2,220		91,759	1,937	93,696
Total Expenses	\$ 1,438,802		\$ 762,871	\$ 351,620	\$ 1,114,491
					\$ 2,553,293

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

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 274,428	\$ (165,814)
Adjustments to reconcile change in net assets to net cash used in (provided by) operating activities:		
Change in allowance for uncollectible contributions receivable and discount on long term contributions receivable	45,204	(968)
Depreciation	161,715	163,050
Debt forgiveness	-	(242,300)
Changes in assets and liabilities that provided (used) cash:		
Accounts and contributions receivable	(47,564)	200,601
Government grants and contracts receivable	(21,569)	(45,088)
Prepaid expenses	4,495	4,062
Accounts payable	122,316	6,081
Accrued liabilities	(69,221)	17,736
Deferred rental income	(27,500)	(27,500)
Deferred revenue - other	(2,188)	(19,662)
Net cash used in (provided by) operating activities	440,116	(109,802)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(19,781)	(18,865)
Borrowings under line of credit, net	135,000	-
Proceeds from issuance of note payable	-	242,300
Net cash used in (provided by) financing activities	115,219	223,435
NET CHANGE IN CASH AND CASH EQUIVALENTS	555,335	113,633
CASH AND CASH EQUIVALENTS, beginning of year	438,668	325,035
CASH AND CASH EQUIVALENTS, end of year	\$ 994,003	\$ 438,668
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash paid for interest	\$ 5,003	\$ 6,755

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

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

1. ORGANIZATION

Big Brothers Big Sisters of Central Texas, Inc. (the Agency) is a nonprofit organization created in 1971, whose mission is to create and support one-to-one mentoring relationships that ignite the power and promise of youth.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Net Assets - The Agency classifies its net assets into two categories as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. The Operating Reserve Fund is designated funds set aside by action of the Board of Directors in order to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. Authority for use of Operating Reserves is delegated to the CEO in consultation with the Treasurer or Chair of the Finance Committee.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Agency and/or the passage of time. When a 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 statements of activities as net assets released from restrictions. The Agency received \$9,687 and \$13,443 in restricted support in the years ending December 31, 2021 and 2020, respectively.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Agency considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions Receivable - Promises to give are recorded at the amount the Agency expects to receive from donors. Promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. The Agency recognizes allowances for estimated uncollectible amounts on donor receivables that are no longer estimated to be collectible. The Agency regularly adjusts any allowance for subsequent collection and final determination that a contribution receivable is no longer collectible.

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government Grants and Contracts Receivable - Government grants and contracts receivable balances include amounts due from cost reimbursement grant contracts. The Agency considers all grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. Grants are subject to review and audit by the grantor agencies and have certain compliance requirements and, should audits by the grantor agencies disclose any areas of substantial noncompliance, the Agency may be required to refund any disallowed costs. Management believes that the Agency is in compliance with these grantor requirements.

Property and Equipment - The Agency capitalizes property and equipment at cost if purchased, and at fair market value on the date of receipt if donated. Repairs and maintenance costs are charged to expense as incurred. Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Building and improvements	5-39 years
Furniture and fixtures	5-7 years
Computers and equipment	3-5 years

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable. Management believes there has been no impairment of such assets as of December 31, 2021 or 2020.

Deferred Special Events Revenue - Deferred special events revenue consists of amounts collected in advance for sponsorships for events scheduled in the subsequent year.

Deferred Rental Income - Deferred rental income represents amounts collected in advance for tenant rent and will be amortized over the term of the related lease, expiring in November 2046 (Note 10).

Contributions and Other Grants - Contributions received, including unconditional promises to give, are recorded at fair value as support with or without donor restrictions in the period received depending on the existence and nature of any donor restrictions. Conditional promises to give are recognized when the condition on which they depend is substantially met, and the promises become unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions were received.

Government Grants - Revenue from grants received from federal and state governments is earned based on the Agency incurring allowable costs or providing services. Therefore, revenue is recognized as those costs are incurred or the services are provided.

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Expense Allocation - The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated based on estimates made by management. Expenses have been allocated based on time and effort, except for occupancy and depreciation, which have been allocated based on square footage.

Income Taxes - The Agency is a nonprofit organization that is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, except as it relates to any unrelated business income. The Agency did not incur any significant tax liabilities due to unrelated business income during the years ended December 31, 2021 or 2020. The tax returns for the years ending December 31, 2018, and after are open to examination by federal, local, and state authorities. There are currently no income tax audits for any tax periods in progress.

Subsequent Events - Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

3. AVAILABLE RESOURCES AND LIQUIDITY

The following represents the Agency's financial assets at December 31, 2021 and 2020:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 994,003	\$ 438,668
Accounts receivable	2,163	2,992
Contributions receivable, net	95,572	92,383
Government grants and contracts receivable	163,187	141,618
Total financial assets at year-end	1,254,925	675,661
Less:		
Long-term contributions receivable, net	(2,102)	(13,936)
Financial assets available to meet cash needs for general expenditures over the next twelve months	\$ 1,252,823	\$ 661,725

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

3. AVAILABLE RESOURCES AND LIQUIDITY - CONTINUED

The Agency receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. The receivables are subject to implied time restrictions but are expected to be collected within one year unless otherwise noted. The Agency manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In line with its financial management policies, the Agency has a goal to maintain an Operating Reserve, which consists of cash and short-term investments, on hand to meet 3 months of average operating costs. The Agency also has a line of credit in the amount of \$500,000, which it could draw upon to meet cash flow needs.

4. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Agency to credit risk consist of cash and cash equivalents and contributions receivable. The Agency places its cash and cash equivalents with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. The Agency does not maintain collateral for its receivables. As of December 31, 2021 and 2020, two donors accounted for 44% and three donors accounted for 44% of total contributions receivable, respectively, including capital campaign contributions receivable.

5. CONTRIBUTIONS AND CAPITAL CAMPAIGN CONTRIBUTIONS RECEIVABLE

Contributions and capital campaign contributions receivable consisted of the following as of December 31:

	2021	2020
Due in less than one year	\$ 164,996	\$ 104,854
One to five years	2,187	13,936
	167,183	118,790
Discount to present value	(85)	(718)
Allowance for uncollectible pledges	(71,526)	(25,689)
Total	\$ 95,572	\$ 92,383

The present value of estimated future cash flows was calculated using a discount rate of 3.25% and 3.25% at December 31, 2021 and 2020, respectively.

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 4,129,961	\$ 4,129,961
Furniture and fixtures	98,987	98,987
Computers and equipment	67,308	67,308
	<u>4,296,256</u>	<u>4,296,256</u>
Accumulated depreciation	<u>(777,013)</u>	<u>(615,298)</u>
	3,519,243	3,680,958
Land	566,000	566,000
Total property and equipment, net	<u>\$ 4,085,243</u>	<u>\$ 4,246,958</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31:

	<u>2021</u>	<u>2020</u>
Event in future period	\$ 9,937	\$ 43,443

8. CONTRIBUTED GOODS AND SERVICES

The Agency received the following in-kind donations during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Special events	\$ 180,586	\$ 70,232
Goods	-	1,936
Non-event media	21,095	23,748
Total in-kind donations	<u>\$ 201,681</u>	<u>\$ 95,916</u>

Contributed services are recognized by the Agency if the services received (a) create or enhance non-financial assets and (b) require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers donated approximately 60,000 and 60,000 hours for volunteer support activities to assist the Agency in performing program, fundraising, and administrative services during the years ended December 31, 2021 and 2020, respectively. However, these volunteer services do not meet the recognition criteria.

During the years ended December 31, 2021 and 2020, the Agency benefited from donated auction items valued at \$180,586 and \$69,620, respectively.

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

9. COMMITMENTS AND CONTINGENCIES

On May 28, 2019, the Agency began leasing equipment under a non-cancelable capital lease agreement. Equipment financed under the capital lease obligation totaled \$12,889, net of accumulated depreciation of \$46,724, as of December 31, 2021, and was included in property and equipment in the statement of financial position.

The Agency is obligated under operating agreements covering office equipment. Rental expense under operating leases was \$4,004 and \$6,036 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments consisted of the following as of December 31, 2021:

	Operating	Capital
2022	\$ 4,411	\$ 10,390
2023	4,113	-
2024	416	-
Total minimum lease payments	<u>\$ 8,940</u>	10,390
Less: imputed interest		(136)
Less: current portion of capital lease obligation		(10,254)
Long term portion of capital lease obligation		<u>\$ -</u>

10. RENTAL INCOME

During the year ended December 31, 2015, the Agency entered into a lease agreement with an unrelated non-profit party (the Tenant) for the use of a portion of the Agency's facilities that were under construction at the time. In November 2016, both the Agency and the Tenant began utilizing the space, once construction was substantially complete. The Agency retains legal title to the asset throughout the term and upon termination of the lease. Rent payments under the lease are discounted from market rates. The inherent contribution, resulting from the below market rate rent, is being valued at its fair market value and is being recognized as contributed rent expense and rental income over the life of the lease. Rental income is included in other income in the statement of activities, and totaled \$164,207 and \$163,585 during the years ended December 31, 2021 and 2020, respectively.

During the year ended December 31, 2015, the Tenant paid the Agency \$500,000 of pre-rental payments under the lease and the Agency included this amount in deferred rental income as of December 31, 2015. The Agency collected an additional \$325,000 during the year ended December 31, 2016, which completed payment of the Tenant's commitment for a term of thirty years. The lease additionally includes terms which require the Tenant to pay its pro rata portion of operating expenses based on square feet of rentable space, which the Agency will collect in the period expenses are incurred.

**BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

11. LONG-TERM DEBT

The Agency has a revolving line of credit with a bank for an available amount of \$500,000 at a 5.5% interest rate, with no collateral. The line of credit matures on May 24, 2022. At December 31, 2021 and 2020, \$135,000 and \$0, respectively, were outstanding under the revolving line of credit.

In 2020, the Agency entered into unsecured loan agreement in the amount of \$242,300 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the CARES Act. The loan was forgiven in full in 2020 and debt forgiveness income is recorded as other income on the statement of activities.

12. RELATED PARTY TRANSACTIONS

The Agency received contributions totaling \$103,943 and \$67,368 from Board members of the Agency or organizations related to Board members during the years ended December 31, 2021 and 2020, respectively. The Agency received contributions totaling \$50,000 from the Foundation for Big Brothers Big Sisters of Central Texas, Inc. during each of the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, pledges receivable included amounts due from Board members totaling \$8,271 and \$16,500, respectively.

13. RETIREMENT PLAN

Effective January 1, 2001, the Agency established a 401(k) Plan for the benefit of all employees. All employees are eligible to participate in the plan and make contributions. During the years ended December 31, 2021 and 2020, the Agency made no contributions.