

**FOUNDATION FOR
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**

**FOUNDATION FOR
BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of the Foundation for Big Brothers Big Sisters of Central Texas, Inc. (a nonprofit organization) (the Foundation), 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 Foundation 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 Foundation 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 Foundation'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 the Foundation'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 Foundation'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

July 21, 2022

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

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 26,085	\$ 50,233
Marketable investments	<u>2,083,140</u>	<u>1,841,855</u>
TOTAL ASSETS	<u>\$ 2,109,225</u>	<u>\$ 1,892,088</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 3,250	\$ 4,101
NET ASSETS		
Board designated without donor restrictions	<u>2,105,975</u>	<u>1,887,987</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,109,225</u>	<u>\$ 1,892,088</u>

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

**FOUNDATION FOR
BIG BROTHERS BIG SISTERS
OF CENTRAL TEXAS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
REVENUES		
Investment return, net	\$ 328,774	\$ 194,303
Total Revenues	<u>328,774</u>	<u>194,303</u>
EXPENSES		
Scholarships for tuition and fees	48,330	50,329
Grants to Big Brothers Big Sisters of Central Texas, Inc.	50,000	50,000
Professional services	8,094	8,111
Books and supplies	1,525	2,733
Housing	2,000	1,000
Other	837	1,010
Total Expenses	<u>110,786</u>	<u>113,183</u>
CHANGE IN NET ASSETS	217,988	81,120
NET ASSETS, beginning of year	<u>1,887,987</u>	<u>1,806,867</u>
NET ASSETS, end of year	<u><u>\$ 2,105,975</u></u>	<u><u>\$ 1,887,987</u></u>

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

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

	Program Services	Fundraising	Management & General	Total
Scholarships for tuition and fees	\$ 48,330	\$ -	\$ -	\$ 48,330
Grants to Big Brothers Big Sisters of Central Texas, Inc.	50,000	-	-	50,000
Professional services	4,856	-	3,238	8,094
Books and supplies	1,525	-	-	1,525
Housing	2,000	-	-	2,000
Other	670	-	167	837
Total Expenses	<u>\$ 107,381</u>	<u>\$ -</u>	<u>\$ 3,405</u>	<u>\$ 110,786</u>

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

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

	Program Services	Fundraising	Management & General	Total
Scholarships for tuition and fees	\$ 50,329	\$ -	\$ -	\$ 50,329
Grants to Big Brothers Big Sisters of Central Texas, Inc.	50,000	-	-	50,000
Professional services	4,867	-	3,244	8,111
Books and supplies	2,733	-	-	2,733
Housing	1,000	-	-	1,000
Other	808	-	202	1,010
Total Expenses	<u>\$ 109,737</u>	<u>\$ -</u>	<u>\$ 3,446</u>	<u>\$ 113,183</u>

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

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 217,988	\$ 81,120
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gains on investments	(58,187)	(9,307)
Unrealized losses (gains) losses on investments	(185,552)	(134,982)
Changes in assets and liabilities that provided (used) cash:		
Accounts payable	<u>(851)</u>	<u>(2,399)</u>
Net cash provided by (used in) operating activities	(26,602)	(65,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(152,759)	(1,810,113)
Sales of investments	<u>155,213</u>	<u>1,832,325</u>
Net cash provided by (used in) investing activities	<u>2,454</u>	<u>22,212</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,148)	(43,356)
CASH AND CASH EQUIVALENTS, beginning of year	<u>50,233</u>	<u>93,589</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 26,085</u></u>	<u><u>\$ 50,233</u></u>

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

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

1. ORGANIZATION

The Foundation for Big Brothers Big Sisters of Central Texas, Inc. (the Foundation) is a nonprofit organization formed in 2001, whose purpose is to support the children benefitted by the Big Brothers Big Sisters of Central Texas, Inc.'s (the Agency) programs. The Foundation awards scholarships for post-secondary education in an effort to encourage each child to graduate from high school and reach their full potential through higher education.

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 Foundation 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.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation 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 Foundation had no net assets with donor restrictions as of December 31, 2021 or 2020.

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 Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**FOUNDATION FOR
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

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the organization.

Level 3 - Unobservable inputs that reflect the organization's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Marketable Investments - Marketable investments were measured at fair value using the market approach and inputs were considered Level 1 under the fair value hierarchy. Changes in fair value of marketable investments are reported as investment income in the statements of activities.

Contributions - 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.

**FOUNDATION FOR
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

Scholarships - The Foundation's approved scholarship policy requires each eligible child to provide required enrollment documentation prior to scholarship award and payment. Once the required documentation has been submitted, the Foundation recognizes a liability for the related scholarship for post-secondary education costs and the related expenses for tuition and fees and/or books and supplies. As of December 31, 2021 and 2020, the liability for unpaid scholarships was included in accounts payable in the statements of financial position.

Functional Expense Allocation - The costs of providing the program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated based on estimates made by management. Expenses that can be identified with a specific program are allocated directly to that program. All other expenses are allocated based on time and effort.

Income Taxes - The Foundation 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 Foundation did not incur any significant tax liabilities due to unrelated business income during the years 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. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and marketable investments. The Foundation 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. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

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

4. AVAILABLE RESOURCES AND LIQUIDITY

The following represents the Foundation's financial assets at December 31:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 26,085	\$ 50,233
Marketable investments	2,083,140	1,841,855
	<hr/>	<hr/>
Total financial assets at year-end	2,109,225	1,892,088
Financial assets available to meet cash needs for general expenditures over the next twelve months		
	<hr/>	<hr/>
	\$ 2,109,225	\$ 1,892,088
	<hr/>	<hr/>

The Foundation maintains the Endowment in a mix of marketable investment assets as prescribed by the Foundation's documented investment policy, with cash and cash equivalents representing between 5-15% of the mix and sufficient reserves to fund all Foundation activities. The board of directors approves an annual budget in accordance with spending guidelines as described in Note 6, and reviews detailed expenditures at each quarterly board meeting to confirm that funds are being disbursed appropriately.

5. MARKETABLE INVESTMENTS

Marketable investments consisted of the following as of December 31:

	2021	2020
Equities	\$ 2,083,140	\$ 1,841,855

**FOUNDATION FOR
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NOTES TO FINANCIAL STATEMENTS
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6. ENDOWMENT

In 2001, the Foundation's Board of Directors (the Board) transferred cash without donor restrictions to a financial institution, and designated the funds to establish the Foundation for Big Brothers Big Sisters of Central Texas, Inc. Scholarship Fund (the Fund) to support the mission, operations and programs of the Agency.

The financial institution has the power to re-balance the Fund, in order to obtain the targeted allocation established by the Foundation. The Foundation may at any time modify any condition or restriction on the distribution of funds if, in its sole judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the mission of the Foundation.

The Foundation has elected to have the board-designated endowment funds without donor restrictions managed and held by the financial institution. Funds will be invested in accordance with the Foundation's investment policies and objectives. The financial institution will distribute to the Foundation, in cash, an amount equal to no more than 7% of a trailing three year average of the total asset value of the board-designated endowment as of December 31 of the previous year; provided, however, that in the event that in any given year a distribution of 7% of the fair market value of the Fund would result in a reduction in its "historic gift value", the distribution will be limited to an amount equal to the interest, dividends, and realized gains, less realized losses. However, it is understood that the total return basis for calculating distributions is in accordance with the Texas Uniform Prudent Management of Institutional Funds Act, under which the Foundation is permitted to spend an amount in excess of the current yield. If the amount to distribute is not made in any year, the balance will continue to be available for future periods.

Changes in the board-designated endowment net assets without donor restrictions for the years ended December 31, follows:

	2021	2020
Endowment net assets, beginning of year	\$ 1,887,987	\$ 1,806,867
Interest and dividends	104,852	66,895
Net realized and unrealized gains (losses)	243,739	144,289
Appropriated for expenditure	(130,603)	(130,064)
Endowment net assets, end of year	<u>\$ 2,105,975</u>	<u>\$ 1,887,987</u>

7. RELATED PARTY TRANSACTIONS

During each of the years ended December 31, 2021 and 2020, the Foundation made payments of \$50,000 to the Agency in support of their mission and operations.

**FOUNDATION FOR
BIG BROTHERS BIG SISTERS
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

8. BOARD DESIGNATED NET ASSETS

Board designated net assets without donor restrictions are designated for endowment assets and future scholarship payments, investment management expenses, grants to Big Brothers Big Sisters of Central Texas, and other expenses to support the Foundation.