

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

**Financial Statements  
as of and for the Years Ended  
December 31, 2022 and 2021 and  
Independent Auditors' Report**

**BIG BROTHERS BIG SISTERS  
OF CENTRAL TEXAS, INC.  
DECEMBER 31, 2022 AND 2021**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Statements of Financial Position	3
Statement of Activities	
Year Ended December 31, 2022	4
Year Ended December 31, 2021	5
Statement of Functional Expenses	
Year Ended December 31, 2022	6
Year Ended December 31, 2021	7
Statements of Cash Flows	8
Notes to Financial Statements	9



## **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, 2022 and 2021, 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, 2022 and 2021, 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 the Agency'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 Agency'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 18, 2023

**BIG BROTHERS BIG SISTERS  
OF CENTRAL TEXAS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 910,576	\$ 994,003
Accounts receivable	4,876	2,163
Contributions receivable, net	4,023	93,385
Government grants and contracts receivable	331,050	163,187
Prepaid expense	43,949	4,306
Total current assets	1,294,474	1,257,044
LONG-TERM CONTRIBUTIONS RECEIVABLE, net	485	2,187
PROPERTY AND EQUIPMENT, net	4,005,506	4,085,243
OPERATING LEASE RIGHT-OF-USE ASSET, net	4,873	-
TOTAL ASSETS	\$ 5,305,338	\$ 5,344,474
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 15,496	\$ 133,376
Accrued liabilities	12,950	-
Current portion of finance lease obligation	26,789	10,254
Current portion of operating lease obligation	4,405	-
Current portion of deferred rental income	27,500	27,500
Line of credit	-	135,000
Total current liabilities	87,140	306,130
FINANCE LEASE OBLIGATION	43,942	-
OPERATING LEASE OBLIGATION	485	-
DEFERRED RENTAL INCOME	630,208	657,708
Total liabilities	761,775	963,838
NET ASSETS:		
Without donor restrictions		
Undesignated	4,225,582	4,158,049
Board designated	313,294	212,650
With donor restrictions	4,687	9,937
Total net assets	4,543,563	4,380,636
TOTAL LIABILITIES AND NET ASSETS	\$ 5,305,338	\$ 5,344,474

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, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
REVENUES AND NET ASSETS RELEASED			
FROM RESTRICTIONS:			
Contributions and other grants	\$ 586,390	\$ 4,687	\$ 591,077
Special events	1,028,828	-	1,028,828
Government grants	940,752	-	940,752
Contributed goods and services	100,245	-	100,245
Other income	178,478	-	178,478
Net assets released from restrictions	9,937	(9,937)	-
Total revenues and net assets released from restrictions	2,844,630	(5,250)	2,839,380
EXPENSES			
Mentoring program	1,466,461	-	1,466,461
Fundraising	842,222	-	842,222
Management and general	367,770	-	367,770
Total expenses	2,676,453	-	2,676,453
CHANGE IN NET ASSETS	168,177	(5,250)	162,927
NET ASSETS, beginning of year	4,370,699	9,937	4,380,636
NET ASSETS, end of year	\$ 4,538,876	\$ 4,687	\$ 4,543,563

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**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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 FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	Supporting Services					
	Program Services	Mentoring Program	Fundraising	Management & General	Supporting Services	Total
Personnel services	\$ 1,043,526		\$ 289,258	\$ 256,647	\$ 545,905	\$ 1,589,431
Fundraising events	-		312,414	-	312,414	312,414
Contributed rent	79,383		18,448	13,976	32,424	111,807
Communications and printing	21,560		40,955	13,655	54,610	76,170
Insurance	45,712		9,887	11,287	21,174	66,886
Professional and contract services	53,713		28,059	18,086	46,145	99,858
Occupancy	49,484		11,504	14,811	26,315	75,799
Bad debt expense (recovery)	-		(45,054)	-	(45,054)	(45,054)
Membership dues	24,622		5,411	6,258	11,669	36,291
Miscellaneous expenses	1,947		41,163	4,194	45,357	47,304
Equipment rental and maintenance	5,606		1,046	3,310	4,356	9,962
Supplies and refreshments	6,260		1,624	1,835	3,459	9,719
Interest expense	1,285		299	226	525	1,810
Volunteer and client recruitment	12,964		52	264	316	13,280
Travel	2,622		499	2,333	2,832	5,454
Program events and activities	1,972		-	-	-	1,972
Total Expenses before depreciation	1,350,656		715,565	346,882	1,062,447	2,413,103
Depreciation	115,805		26,912	20,388	47,300	163,105
Total Expenses before contributed goods and services	1,466,461		742,477	367,270	1,109,747	2,576,208
Contributed goods and services	-		99,745	500	100,245	100,245
Total Expenses	\$ 1,466,461		\$ 842,222	\$ 367,770	\$ 1,209,992	\$ 2,676,453

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
Fundraising events	-		377,268	-	377,268
Contributed rent	84,973		14,535	12,299	26,834
Communications and printing	28,434		49,752	6,957	56,709
Insurance	45,030		9,598	10,771	20,369
Professional and contract services	34,812		41,788	27,952	69,740
Occupancy	30,540		5,419	7,891	13,310
Bad debt expense (recovery)	-		69,776	-	69,776
Membership dues	29,203		3,307	7,692	10,999
Miscellaneous expenses	787		50,934	2,348	53,282
Equipment rental and maintenance	4,139		337	527	864
Supplies and refreshments	2,304		317	1,382	1,699
Interest expense	2,479		424	359	783
Volunteer and client recruitment	17,781		-	229	229
Travel	642		471	349	820
Program events and activities	895		-	-	-
Total Expenses before depreciation	1,140,200		836,848	328,618	1,165,466
Depreciation	122,904		21,023	17,788	38,811
Total Expenses before contributed goods and services	1,263,104		857,871	346,406	1,204,277
Contributed goods and services	-		201,681	-	201,681
Total Expenses	\$ 1,263,104		\$ 1,059,552	\$ 346,406	\$ 1,405,958

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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 162,927	\$ 274,428
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	(67,125)	45,204
Depreciation	163,105	161,715
Operating lease right of use asset expense, net	18	-
Changes in assets and liabilities that provided (used) cash:		
Accounts and contributions receivable	155,476	(47,564)
Government grants and contracts receivable	(167,863)	(21,569)
Prepaid expenses	(39,643)	4,495
Accounts payable	(117,880)	122,316
Accrued liabilities	12,950	(69,221)
Deferred rental income	(27,500)	(27,500)
Deferred revenue - other	-	(2,188)
Net cash provided by operating activities	74,465	440,116
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance lease obligations	(22,892)	(19,781)
Borrowings under line of credit, net	(135,000)	135,000
Net cash provided by (used in) financing activities	(157,892)	115,219
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(83,427)	555,335
CASH AND CASH EQUIVALENTS, beginning of year	994,003	438,668
CASH AND CASH EQUIVALENTS, end of year	\$ 910,576	\$ 994,003
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Cash paid for interest	\$ 9,962	\$ 5,003
Equipment purchased with finance lease arrangement	\$ 83,369	\$ -

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, 2022 AND 2021**

**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 \$4,687 and \$9,687 in restricted support in the years ending December 31, 2022 and 2021, 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, 2022 AND 2021**

**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, 2022 or 2021.

**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, 2022 AND 2021**

**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, 2022 or 2021. The tax returns for the years ending December 31, 2019, 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.

**Recently Issued Accounting Standards** - During the current fiscal year, the Agency adopted FASB Accounting Standards Update (ASU) 2016-02, *Leases*. The guidance impacted the presentation of the Agency's leasing activities and requires the recognition of lease (right of use) assets and related lease liabilities on the statement of financial position and the disclosure of key information about leasing arrangements.

Effective January 1, 2022, the Agency adopted the new lease accounting guidance in ASU No. 2016-02, *Leases (Topic 842)*. The Agency has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Agency accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Agency recognized on January 1, 2022 (the beginning of the period of adoption) (a) lease liabilities of \$9,285, which represents the present value of the remaining lease payments, discounted using a risk-free interest rates ranging from .19% to .3%, and (b) right-of-use assets of \$9,381, which represents the lease liability of \$9,285 adjusted for a difference in asset amortization and principal and interest payments on the lease liability of \$96.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Agency adopted the ASU during the year ended December 31, 2022, and applied the ASU retrospectively to the year ended December 31, 2021. See Note 8.

**BIG BROTHERS BIG SISTERS  
OF CENTRAL TEXAS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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, 2022 and 2021:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	\$ 910,576	\$ 994,003
Accounts receivable	4,876	2,163
Contributions receivable, net	4,508	95,572
Government grants and contracts receivable	331,050	163,187
Total financial assets at year-end	1,251,010	1,254,925
Less:		
Long-term contributions receivable, net	(485)	(2,187)
Financial assets available to meet cash needs for general expenditures over the next twelve months	\$ 1,250,525	\$ 1,252,738

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.

**BIG BROTHERS BIG SISTERS  
OF CENTRAL TEXAS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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, two donors accounted for 44% of contributions receivable.

**5. CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following as of December 31:

	2022	2021
Due in less than one year	\$ 8,473	\$ 164,996
One to five years	521	2,187
	8,994	167,183
Discount to present value	(36)	(85)
Allowance for uncollectible pledges	(4,450)	(71,526)
Total	\$ 4,508	\$ 95,572

The present value of estimated future cash flows was calculated using a discount rate of 7.5% and 3.25% at December 31, 2022 and 2021, respectively.

**6. PROPERTY AND EQUIPMENT**

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

	2022	2021
Buildings and improvements	\$ 4,129,961	\$ 4,129,961
Furniture and fixtures	98,987	98,987
Computers and equipment	92,674	67,308
	4,321,622	4,296,256
Accumulated depreciation	(882,116)	(777,013)
	3,439,506	3,519,243
Land	566,000	566,000
Total property and equipment, net	\$ 4,005,506	\$ 4,085,243

**BIG BROTHERS BIG SISTERS  
OF CENTRAL TEXAS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**7. NET ASSETS WITH DONOR RESTRICTIONS**

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

	2022	2021
Restricted for future period	\$ 4,687	\$ 9,937

**8. CONTRIBUTED GOODS AND SERVICES**

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, 2022 and 2021, respectively. However, these volunteer services do not meet the recognition criteria.

The Agency receives various forms of in-kind donations including donated auction items, media, and event services. In-kind donations are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. In-kind donations are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the good are contributed by the donor. In-kind donations are used for fundraising purposes and donated auction items resold. In-kind donations consisted of the following for the years ended December 31:

	2022	2021
Special events	\$ 65,760	\$ 180,586
Services	500	-
Non-event media	33,985	21,095
Total in-kind donations	\$ 100,245	\$ 201,681

During the years ended December 31, 2022 and 2021, the Agency benefited from donated auction items valued at \$65,760 and \$180,586, respectively.

**9. COMMITMENTS AND CONTINGENCIES**

On July 1, 2022, the Agency began leasing equipment under a non-cancelable capital lease agreement. Equipment financed under the capital lease obligation totaled \$71,790, net of accumulated depreciation of \$11,579, as of December 31, 2022, and was included in property and equipment in the statement of financial position.



**BIG BROTHERS BIG SISTERS  
OF CENTRAL TEXAS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**9. COMMITMENTS AND CONTINGENCIES - CONTINUED**

The Agency is obligated under operating agreements covering office equipment. Rental expense under operating leases was \$4,575 and \$4,004 for the years ended December 31, 2022 and 2021, respectively. The lease expense components were as follows:

	2022
Operating lease cost:	
Amortization of right of use asset	\$ 4,509
Interest on lease obligation	15
Operational cost sharing	51
Total operating lease cost	\$ 4,575
Current lease liability	\$ 4,405
Long - term lease liability	485
	\$ 4,890

Future minimum lease payments consisted of the following as of December 31, 2022:

	Operating	Capital
2023	\$ 4,113	\$ 31,332
2024	416	31,332
2025	-	15,323
Total minimum lease payments	\$ 4,529	77,987
Less: imputed interest		(7,256)
Less: current portion of capital lease obligation		(26,789)
Long term portion of capital lease obligation		\$ 43,942

**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 \$177,021 and \$164,207 during the years ended December 31, 2022 and 2021, respectively.

**BIG BROTHERS BIG SISTERS  
OF CENTRAL TEXAS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**10. RENTAL INCOME - CONTINUED**

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.

**11. LONG-TERM DEBT**

The Agency has a revolving line of credit with a bank for an available amount of \$500,000 with a variable interest rate based on the U.S. Prime Rate (7.5% as of December 31, 2022), with no collateral. The line of credit matures on May 24, 2023. At December 31, 2022 and 2021, \$0 and \$135,000, respectively, were outstanding under the revolving line of credit.

**12. RELATED PARTY TRANSACTIONS**

The Agency received contributions totaling \$138,554 and \$103,943 from Board members of the Agency or organizations related to Board members during the years ended December 31, 2022 and 2021, 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, 2022 and 2021. As of December 31, 2022 and 2021, pledges receivable included amounts due from Board members totaling \$5,944 and \$8,271, 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, 2022 and 2021, the Agency made no contributions.