

**BIG BROTHERS BIG SISTERS
OF KENTUCKIANA, INC. –
LOUISVILLE, KENTUCKY**

FINANCIAL STATEMENTS

**YEARS ENDED
JUNE 30, 2024 AND 2023**

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.

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Independent Auditor's Report

Board of Directors
Big Brothers Big Sisters of Kentuckiana, Inc.
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of **Big Brothers Big Sisters of Kentuckiana, Inc.**, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 **Big Brothers Big Sisters of Kentuckiana, Inc.** as of June 30, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Big Brothers Big Sisters of Kentuckiana, Inc.** 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Big Brothers Big Sisters of Kentuckiana, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Big Brothers Big Sisters of Kentuckiana, Inc.'s** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Big Brothers Big Sisters of Kentuckiana, 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.



Louisville, Kentucky
December 13, 2024

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

| ASSETS | <u>2024</u> | <u>2023</u> |
|------------------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | \$ 786,449 | \$ 804,157 |
| Investments | 2,761,534 | 2,475,496 |
| Metro United Way receivable | 30,000 | 128,583 |
| Grants and other receivables | 376,644 | 353,624 |
| Pledges receivable, net | 112,100 | 102,703 |
| In kind supplies inventory | 4,600 | 12,500 |
| Prepaid expenses | 68,989 | 42,086 |
| Property and equipment, net | 1,072,584 | 991,854 |
| Operating lease right-of-use asset | 66,938 | - |
| Finance lease right-of-use asset | 12,456 | 15,778 |
| | TOTAL ASSETS | TOTAL ASSETS |
| | \$ 5,292,294 | \$ 4,926,781 |
| | \$ 5,292,294 | \$ 4,926,781 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 122,678 | \$ 32,911 |
| Accrued expenses | 174,985 | 180,991 |
| Operating lease liability | 66,938 | - |
| Finance lease liability | 12,760 | 15,687 |
| | Total Liabilities | Total Liabilities |
| | 377,361 | 229,589 |
| | 377,361 | 229,589 |
| Net Assets | | |
| Without donor restrictions | 4,191,188 | 4,007,126 |
| With donor restrictions | 723,745 | 690,066 |
| | Total Net Assets | Total Net Assets |
| | 4,914,933 | 4,697,192 |
| | 4,914,933 | 4,697,192 |
| | \$ 5,292,294 | \$ 4,926,781 |

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | | | 2023 | | |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Totals | Without Donor Restrictions | With Donor Restrictions | Totals |
| REVENUES AND SUPPORT | | | | | | |
| Grants | \$ 1,169,748 | \$ 704,583 | \$ 1,874,331 | \$ 1,297,618 | \$ 659,900 | \$ 1,957,518 |
| Contributions | 653,271 | - | 653,271 | 706,684 | 7,500 | 714,184 |
| Special events, net of costs of direct benefits to donors | 198,376 | - | 198,376 | 325,481 | - | 325,481 |
| Investment return | 331,291 | 2,496 | 333,787 | 152,857 | 1,593 | 154,450 |
| Gifts in kind | 76,137 | - | 76,137 | 62,726 | - | 62,726 |
| Loss on disposal of property and equipment | - | - | - | (887) | - | (887) |
| Net assets released from restrictions | 673,400 | (673,400) | - | 732,864 | (732,864) | - |
| Total Revenues and Support | 3,102,223 | 33,679 | 3,135,902 | 3,277,343 | (63,871) | 3,213,472 |
| EXPENSES | | | | | | |
| Program services | 2,122,880 | - | 2,122,880 | 1,778,119 | - | 1,778,119 |
| Management and general | 279,163 | - | 279,163 | 260,240 | - | 260,240 |
| Fundraising | 516,118 | - | 516,118 | 455,515 | - | 455,515 |
| Total Expenses | 2,918,161 | - | 2,918,161 | 2,493,874 | - | 2,493,874 |
| Change in Net Assets | 184,062 | 33,679 | 217,741 | 783,469 | (63,871) | 719,598 |
| Net Assets at Beginning of Year | 4,007,126 | 690,066 | 4,697,192 | 3,223,657 | 753,937 | 3,977,594 |
| Net Assets at End of Year | \$ 4,191,188 | \$ 723,745 | \$ 4,914,933 | \$ 4,007,126 | \$ 690,066 | \$ 4,697,192 |

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

| | Program | Management and General | Fundraising | Total |
|-------------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| Salaries | \$ 1,441,931 | \$ 199,990 | \$ 347,830 | \$ 1,989,751 |
| Employee benefits | 123,008 | 14,019 | 27,577 | 164,604 |
| Payroll taxes | 114,823 | 15,235 | 26,442 | 156,500 |
| Occupancy | 15,319 | 1,814 | 3,565 | 20,698 |
| Computer/software | 17,449 | 4,716 | 25,063 | 47,228 |
| Insurance | 40,064 | 1,265 | 843 | 42,172 |
| Postage and shipping | 801 | 114 | 2,897 | 3,812 |
| Professional fees | 35,614 | 24,218 | 11,397 | 71,229 |
| Printing | 9,201 | 1,534 | 4,601 | 15,336 |
| National dues | 24,697 | 1,646 | 1,098 | 27,441 |
| Equipment rental and maintenance | 8,590 | - | - | 8,590 |
| Telephone | 22,059 | 5,147 | 9,559 | 36,765 |
| Staff training | 14,148 | - | 8,671 | 22,819 |
| Office supplies | 2,969 | 351 | 585 | 3,905 |
| Travel | 23,557 | 248 | 992 | 24,797 |
| Advertising | 10,922 | - | 575 | 11,497 |
| Conferences and meetings | 15,118 | 477 | 318 | 15,913 |
| Memberships and dues | 2,514 | 2,765 | 3,100 | 8,379 |
| Appreciation | - | - | - | - |
| Activities | 13,241 | - | 60 | 13,301 |
| School to work activities | 22,443 | - | - | 22,443 |
| Big futures activities | 1,386 | - | - | 1,386 |
| Miscellaneous | 3,062 | - | 550 | 3,612 |
| Recruitment | 53,709 | - | - | 53,709 |
| Interest | 963 | 30 | 20 | 1,013 |
| Special events | 13,814 | - | 16,884 | 30,698 |
| Fund development | 5,567 | - | 5,567 | 11,134 |
| Provision for uncollectible pledges | 6,000 | - | - | 6,000 |
| Gifts in kind | 35,202 | 300 | 9,100 | 44,602 |
| Depreciation and amortization | 44,709 | 5,294 | 8,824 | 58,827 |
| Total Functional Expenses | \$ 2,122,880 | \$ 279,163 | \$ 516,118 | \$ 2,918,161 |

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

| | Program | Management and General | Fundraising | Total |
|-------------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries | \$ 1,197,420 | \$ 179,125 | \$ 274,828 | \$ 1,651,373 |
| Employee benefits | 101,660 | 12,477 | 20,161 | 134,298 |
| Payroll taxes | 98,540 | 13,370 | 20,427 | 132,337 |
| Occupancy | 13,320 | 1,577 | 3,129 | 18,026 |
| Computer/software | 14,758 | 3,989 | 21,254 | 40,001 |
| Insurance | 34,693 | 1,096 | 730 | 36,519 |
| Postage and shipping | 1,629 | 233 | 5,896 | 7,758 |
| Professional fees | 40,335 | 27,428 | 12,907 | 80,670 |
| Printing | 9,592 | 1,599 | 4,796 | 15,987 |
| National dues | 22,704 | 1,514 | 1,009 | 25,227 |
| Equipment rental and maintenance | 16,393 | - | - | 16,393 |
| Telephone | 28,249 | 6,591 | 12,241 | 47,081 |
| Staff training | 1,745 | - | 1,069 | 2,814 |
| Office supplies | 2,328 | 271 | 456 | 3,055 |
| Travel | 19,666 | 207 | 828 | 20,701 |
| Advertising | 2,858 | - | 150 | 3,008 |
| Conferences and meetings | 16,694 | 527 | 351 | 17,572 |
| Memberships and dues | 3,684 | 4,052 | 4,543 | 12,279 |
| Appreciation | - | - | 250 | 250 |
| Activities | 22,888 | - | 557 | 23,445 |
| School to work activities | - | - | - | - |
| Big futures activities | - | - | - | - |
| Miscellaneous | 3,000 | - | 1,323 | 4,323 |
| Recruitment | 26,112 | - | - | 26,112 |
| Interest | 387 | 16 | 11 | 414 |
| Special events | 18,444 | - | 22,542 | 40,986 |
| Fund development | 10,623 | - | 10,623 | 21,246 |
| Provision for uncollectible pledges | 228 | - | - | 228 |
| Gifts in kind | 30,995 | 1,529 | 27,702 | 60,226 |
| Depreciation and amortization | 39,174 | 4,639 | 7,732 | 51,545 |
| Total Functional Expenses | \$ 1,778,119 | \$ 260,240 | \$ 455,515 | \$ 2,493,874 |

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 217,741 | \$ 719,598 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 58,827 | 51,545 |
| Amortization of operating right-of-use asset | 3,409 | - |
| Loss on disposal of property and equipment | - | 887 |
| Realized and unrealized gain on investments | (247,139) | (113,343) |
| (Increase) decrease in assets: | | |
| Metro United Way receivable | 98,583 | 51,032 |
| Grants and other receivables | (23,020) | 14,062 |
| Pledges receivable | (9,397) | 60,423 |
| In kind supplies inventory | 7,900 | (2,500) |
| Prepaid expenses | (26,903) | 9,903 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 89,767 | (7,525) |
| Accrued expenses | (6,006) | 26,428 |
| Deferred revenue | - | (15,368) |
| Operating lease liability | (3,409) | - |
| Net Cash Provided By Operating Activities | 160,353 | 795,142 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (136,235) | (33,179) |
| Purchase of investments | (784,831) | (1,702,892) |
| Proceeds received on sale of investments | 745,932 | 707,398 |
| Net Cash Used In Investing Activities | (175,134) | (1,028,673) |
| FINANCING ACTIVITIES | | |
| Principal payments under finance lease obligations | (2,927) | (922) |
| Net Cash Used In Financing Activities | (2,927) | (922) |
| Net Decrease in Cash and Cash Equivalents | (17,708) | (234,453) |
| Cash and cash equivalents at beginning of year | 804,157 | 1,038,610 |
| Cash and Cash Equivalents at End of Year | \$ 786,449 | \$ 804,157 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash payments for: | | |
| Interest | \$ 1,014 | \$ 407 |
| Amounts included in the measurement of lease liabilities | 7,928 | 1,335 |
| SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING ACTIVITIES: | | |
| Lease assets obtained in exchange for lease obligations | \$ 70,347 | \$ 16,609 |

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Big Brothers Big Sisters of Kentuckiana, Inc. (the “Organization”) is a not-for-profit organization formed to provide children facing adversity with relationships that allows youth to achieve their full potential. The Organization’s work is complete by creating and supporting one-to-one mentoring relationships that ignite the power and promise of youth. The Organization serves the Louisville, Kentucky metropolitan area and surrounding counties including three Southern Indiana counties.

Basis of Presentation

The financial statements of the Organization are presented on the accrual basis of accounting. The Organization reports information regarding its financial position and activities in two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Contributions whose restrictions are met in the same period are treated as net assets without donor restrictions. The terms are defined below:

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets without donor restrictions - Net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all unrestricted cash and highly liquid investment securities with maturities of three months or less at time of purchase to be cash and cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, the balances may be in excess of federal insured limits. As of June 30, 2024, the Organization had a balance of \$412,647 in excess of insured limits.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(1 – continued)

Revenues and Support

The Organization's non-contribution revenue, which is most commonly associated with fundraising events, contain a single delivery element and revenue is recognized at a single point in time when control transfers to the customer. Revenue is recognized for exchange transactions when the customers receive the services provided. Customers are generally billed before attending events. In some instances, the Organization receives deposits from customers before the events are held, which result in contract liabilities.

Grants and contribution revenue are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management reviews all pledge receivable balances that are past due and based on an assessment of current creditworthiness and reasonable and supportable forecasts, estimates the portion, if any, of the balance that will not be collected. Estimated uncollectible accounts increase the allowance for doubtful accounts and when the accounts receivable are written off, the allowance for doubtful accounts is decreased. As of June 30, 2024 and 2023, the allowance for uncollectible pledges totaled \$6,000 and \$2,500, respectively.

Contributed services that require specific expertise and would normally have been purchased and donated services that create or enhance non-financial assets are recorded at fair market value. Those donated services that do not meet these specific criteria are not reflected in the financial statements. Approximately 36,841 and 39,820 volunteer hours were donated to the Organization during the years ended June 30, 2024 and 2023, respectively. This time represents non-professional services, such as mentoring, and is, therefore, not recorded in the accompanying financial statements. An approximate economic value for in-kind hours per the City of Louisville for 2024 and 2023 is \$28.53 and \$26.85 per hour, respectively. Applying this rate, the Organization mentor services can be valued at approximately \$1,051,000 and \$1,069,000 for the years ended June 30, 2024 and 2023, respectively.

Investments

Investments in marketable securities with readily determinable fair values are measured at fair market value in the statement of net assets. The unrealized gains or losses on investments are included in the change in net assets.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(1 – continued)

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization's policy is to capitalize asset purchases exceeding \$500. Amortization expense from finance leases is included with depreciation expense. Property and equipment are depreciated using the straight-line method over the assets' useful lives.

Expenditures for maintenance and repairs are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred. These expenses totaled \$11,497 and \$3,008 for the years ended June 30, 2024 and 2023, respectively.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not provide for income taxes.

The Organization has implemented the accounting guidance for uncertainty in income taxes. Under that guidance, tax positions need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of June 30, 2024, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization files federal Form 990. The Organization is not currently being examined and management believes its tax-exempt status would be upheld under examination.

Accounting Pronouncements Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, (Topic 326), Financial Instruments – Credit Losses, which was later amended with ASU 2019-11. The standard significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not material to the financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(2) **LIQUIDITY**

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 786,449 | \$ 804,157 |
| Investments | 2,761,534 | 2,475,496 |
| Metro United Way receivable | 30,000 | 128,583 |
| Grants and other receivables | 376,644 | 353,624 |
| Pledges receivable, net | 112,100 | 102,703 |
| | <u>4,066,727</u> | <u>3,864,563</u> |
| Less net assets with donor restrictions | <u>(723,745)</u> | <u>(690,066)</u> |
| | <u>\$ 3,342,982</u> | <u>\$ 3,174,497</u> |

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. In addition, the Organization invests cash in excess of daily requirements in short-term investments such as bonds and certificates of deposit. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$300,000, all of which remained available at June 30, 2024.

(3) **INVESTMENTS**

Investments at June 30, 2024 and 2023 consist of the following:

| | <u>Cost</u> | <u>Market Value</u> | <u>Unrealized Gain (Loss)</u> |
|-----------------------|---------------------|---------------------|-------------------------------|
| June 30, 2024: | | | |
| Taxable bonds | \$ 1,168,634 | \$ 1,166,945 | \$ (1,689) |
| Taxable bond funds | 231,946 | 230,138 | (1,808) |
| Stocks/options | 773,390 | 1,012,095 | 238,705 |
| Stock funds | 340,299 | 343,710 | 3,411 |
| Balanced funds | 8,641 | 8,646 | 5 |
| | <u>\$ 2,522,910</u> | <u>\$ 2,761,534</u> | <u>\$ 238,624</u> |

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(3 – continued)

| | <u>Cost</u> | <u>Market Value</u> | <u>Unrealized Gain (Loss)</u> |
|-----------------------|---------------------|---------------------|-------------------------------|
| June 30, 2023: | | | |
| Taxable bonds | \$ 1,076,246 | \$ 1,068,236 | \$ (8,010) |
| Taxable bond funds | 160,954 | 157,502 | (3,452) |
| Stocks/options | 856,514 | 888,927 | 32,413 |
| Stock funds | 374,935 | 351,515 | (23,420) |
| Balanced funds | 10,117 | 9,316 | (801) |
| | <hr/> | <hr/> | <hr/> |
| Total investments | <u>\$ 2,478,766</u> | <u>\$ 2,475,496</u> | <u>\$ (3,270)</u> |

The Organization has several investment accounts that are held by investment managers engaged by the Organization and are therefore subject to concentrations of credit risk. Appropriate investments are utilized based off the need and usage of the investment accounts and are monitored by the Board of Directors through the Finance Committee. Though the market value of the investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

(4) **PLEDGES RECEIVABLE**

The Organization has pledges receivable related to special events and other contributions. Pledges receivable as of June 30, 2024 and 2023 were as follows:

| | <u>2024</u> | <u>2023</u> |
|--|-------------------------|-------------------------|
| Special events pledges | \$ 49,150 | \$ 40,100 |
| Other pledges | 68,950 | 65,103 |
| Gross pledges receivable | <hr/> 118,100 | <hr/> 105,203 |
| Less allowance for uncollectible pledges | <hr/> (6,000) | <hr/> (2,500) |
| Total | <hr/> <u>\$ 112,100</u> | <hr/> <u>\$ 102,703</u> |

Gross pledges receivable are due according to the following schedule:

| | <u>2024</u> | <u>2023</u> |
|--------------------------|-------------------------|-------------------------|
| Less than one year | <hr/> \$ 118,100 | <hr/> \$ 105,203 |
| Total pledges receivable | <hr/> <u>\$ 118,100</u> | <hr/> <u>\$ 105,203</u> |

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(4 – continued)

At June 30, 2024, approximately 61% of gross pledges receivable were from three donors, and at June 30, 2023, approximately 59% of gross pledges receivable were from two donors.

(5) **PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2024 and 2023 consists of the following:

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|--------------|-------------|
| Land | \$ 131,600 | \$ 131,600 |
| Building and building improvements | 1,412,168 | 1,377,116 |
| Furniture and fixtures | 125,557 | 81,397 |
| Equipment | 118,143 | 93,788 |
| | 1,787,468 | 1,683,901 |
| Less accumulated depreciation | 714,884 | 692,047 |
| | \$ 1,072,584 | \$ 991,854 |

(6) **LINE OF CREDIT**

The Organization has a line of credit with Republic Bank & Trust Company of \$300,000 which bears interest at a variable rate equal to the prime rate (8.5% as of June 30, 2024). The collateral pledged on the line of credit is a mortgage and all other Organization assets. The Organization had no outstanding balance due on the line of credit at June 30, 2024 and 2023. The line of credit matures on October 20, 2025.

(7) **LEASES**

The Organization adopted FASB ASC 842, *Leases*, as of the effective date of adoption which was July 1, 2022. The Organization elected the package of practical expedients permitted under the transition guidance, which among other things, allowed the Organization to carry forward the historical lease classification. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. All nonlease components are recognized separately from the lease components.

The Organization conducts a portion of their operations from a leased office in Louisville, Kentucky. The lease has a five year term and expires in March 2029. The lease includes a renewal option which can extend the lease term for two successive two year terms. The exercise of the renewal option is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. The Organization has not recognized any of the extension options in the recognition of the right-of-use assets and lease liabilities.

The operating lease agreement provides for minimum lease payments of \$1,302 per month, plus some common area maintenance (“CAM”) fees. The CAM fees are not included in the measurement of the lease asset and liability since they are considered a non-lease component. The lease agreement does not include any material residual value guarantees or restrictive covenants.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(7 – continued)

The Organization calculates the operating lease liability with a risk-free discount rate using a comparable period to the lease term.

The Organization leases equipment under a finance lease with an initial term of five years. The lease includes a renewal option which can extend the lease term for successive one month terms. The exercise of the renewal option is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. The Organization has not recognized any of the extension options in the recognition of the right-of-use assets and lease liabilities. The lease also includes an option to purchase the leased equipment. The lease term is used for the amortization/depreciation life of leased assets unless there is a transfer or title or purchase option reasonably certain of exercise, in which case the asset life is used.

The finance lease agreement provides for minimum lease payments of \$334 per month over the term of the lease. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The Organization calculates finance lease liabilities with the rate implicit with the lease.

The components of finance lease expenses that are included in “Depreciation and amortization” and “Interest” in the statement of functional expenses for the years ended June 30, 2024 and 2023 were as follows:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|-----------------|-----------------|
| Operating lease costs | \$ 3,905 | \$ - |
| Financing lease costs: | | |
| Depreciation and amortization | \$ 3,322 | \$ 830 |
| Interest | 1,097 | 414 |
| Total finance lease costs | <u>\$ 4,419</u> | <u>\$ 1,244</u> |

Weighted average lease term and discount rate as of June 30, 2024 and 2023 were as follows:

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|-------------|-------------|
| Weighted Average Remaining Lease Term | | |
| Operating leases | 4.75 years | N/A |
| Finance leases | 3.67 years | 4.67 years |
| Weighted Average Discount Rate | | |
| Operating leases | 4.34% | N/A |
| Finance leases | 7.63% | 7.63% |

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
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(7 – continued)

The following is a schedule, by years, of future minimum rental payments required under operating and finance leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2024:

| Years ending June 30: | <u>Operating</u> | <u>Finance</u> |
|------------------------------------|------------------|----------------|
| 2025 | \$ 15,620 | \$ 4,006 |
| 2026 | 15,620 | 4,006 |
| 2027 | 15,620 | 4,006 |
| 2028 | 15,620 | 2,671 |
| 2029 | 11,715 | - |
| Total lease payments | 74,195 | 14,689 |
| Less: interest | 7,257 | 1,929 |
| Present value of lease liabilities | \$ 66,938 | \$ 12,760 |

(8) **GIFTS IN KIND**

The Organization received gifts in kind for the years ended June 30, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|------------------------|-------------|-------------|
| Fundraising supplies | \$ 44,615 | \$ 25,554 |
| Match activities | 30,022 | 35,992 |
| Property and equipment | 1,200 | - |
| Training | - | 1,180 |
| Miscellaneous | 300 | - |
| Total | \$ 76,137 | \$ 62,726 |

The Organization’s policy related to gifts in kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Organization received donated fundraising supplies with an estimated fair market value of \$44,615 and \$25,554 for the years ended June 30, 2024 and 2023, respectively. These represent donated items and meals for attendees as well as donated auction and raffle items at various events. Those dollars raised were then used to sponsor and support the clients served.

The Organization received donated match activity supplies with an estimated fair market value of \$30,022 and \$35,992 for the years ended June 30, 2024 and 2023, respectively. The Organization’s numerous community partners provide tickets to various local events and sporting events, which they can pass on to their matches. This provides their bigs and littles with activities to enjoy together.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(8 – continued)

The Organization received donated property and equipment with an estimated fair market value of \$1,200 for the year ended June 30, 2023. The item donated was a refrigerator for the new office location.

The Organization received donated training services with an estimated fair market value of \$1,180 for the year ended June 30, 2023. These training services provided scholarships for Center for Nonprofit Excellence classes.

The Organization received other miscellaneous donated items with an estimated fair market value of \$300 for the year ended June 30, 2024. These items were to be used in the new office location.

All gifts-in-kind received by the Organization for the years ended June 30, 2024 and 2023 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

(9) **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for the years ended June 30, 2024 and 2023, were as follows:

| | <u>Balance</u> | <u>Revenue and</u> | <u>Net assets</u> | <u>Balance</u> |
|-----------------|----------------------|--------------------|----------------------|----------------------|
| | <u>June 30, 2023</u> | <u>Support</u> | <u>Released From</u> | <u>June 30, 2024</u> |
| | | | <u>Restrictions</u> | |
| Community based | \$ 438,150 | \$ 236,750 | \$ (438,150) | \$ 236,750 |
| Site based | 9,000 | 6,250 | (9,000) | 6,250 |
| School to work | 138,500 | 67,250 | (138,500) | 67,250 |
| Big futures | - | 100,750 | - | 100,750 |
| Group mentoring | - | 206,625 | - | 206,625 |
| It Takes Two | 7,500 | - | (7,500) | - |
| Other | 74,250 | 86,958 | (74,250) | 86,958 |
| Scholarships | 22,666 | 2,496 | (6,000) | 19,162 |
| | <u>\$ 690,066</u> | <u>\$ 707,079</u> | <u>\$ (673,400)</u> | <u>\$ 723,745</u> |

(10) **RETIREMENT PLAN**

The Organization has a 401(k) retirement plan (Plan) which covers employees who have attained the age of 21 and work a minimum of 20 hours per week. After one year of service, the Organization matches employee contributions up to a maximum of 3% of the employees' compensation. The Plan allows for an employer discretionary profit sharing contribution. Total contributions made by the Organization to the Plan were \$42,463 and \$32,084 for the years ended June 30, 2024 and 2023, respectively.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(11) **SPECIAL EVENTS**

Special events consisted of the following for the years ended June 30, 2024 and 2023:

| | <u>Gross</u> <u>Revenue</u> | Cost of Direct <u>Benefit</u> <u>to Donors</u> | <u>Expenses</u> | Net <u>Revenue</u> |
|-----------------------|--------------------------------|--|--------------------|-----------------------|
| June 30, 2024: | | | | |
| For Kids Sake | \$ 15,923 | \$ - | \$ (1,220) | \$ 14,703 |
| Links for Littles | 203,267 | (57,494) | (24,064) | 121,709 |
| Other Events | 43,580 | (6,900) | (6,634) | 30,046 |
| | <u>\$ 262,770</u> | <u>\$ (64,394)</u> | <u>\$ (31,918)</u> | <u>\$ 166,458</u> |

| | <u>Gross</u> <u>Revenue</u> | Cost of Direct <u>Benefit</u> <u>to Donors</u> | <u>Expenses</u> | Net <u>Revenue</u> |
|-----------------------|--------------------------------|--|--------------------|-----------------------|
| June 30, 2023: | | | | |
| For Kids Sake | \$ 53,081 | \$ - | \$ (2,744) | \$ 50,337 |
| Links for Littles | 264,475 | (69,152) | (19,129) | 176,194 |
| Other Events | 88,071 | (10,994) | (21,857) | 55,220 |
| | <u>\$ 405,627</u> | <u>\$ (80,146)</u> | <u>\$ (43,730)</u> | <u>\$ 281,751</u> |

(12) **FAIR VALUE MEASUREMENTS**

The Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 Fair Value Measurements, for financial and nonfinancial assets and liabilities.

ASC 820 defines fair value as 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. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024 AND 2023

(12 – continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Organization’s financial assets and liabilities carried at fair value. The table below presents the balances of assets measured at fair value on a recurring and non-recurring basis.

| | Carrying Value | | | |
|---|-----------------------|----------------|----------------|--------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| June 30, 2024: | | | | |
| <i>Assets Measured on a Recurring Basis</i> | | | | |
| Taxable bonds | \$1,166,945 | \$ - | \$ - | \$1,166,945 |
| Taxable bond funds | 230,138 | - | - | 230,138 |
| Stocks/options | 1,012,095 | - | - | 1,012,095 |
| Stock funds | 343,710 | - | - | 343,710 |
| Balanced funds | 8,646 | - | - | 8,646 |
| | | | | |
| June 30, 2023: | | | | |
| <i>Assets Measured on a Recurring Basis</i> | | | | |
| Taxable bonds | \$1,068,236 | \$ - | \$ - | \$1,068,236 |
| Taxable bond funds | 157,502 | - | - | 157,502 |
| Stocks/options | 888,927 | - | - | 888,927 |
| Stock funds | 351,515 | - | - | 351,515 |
| Balanced funds | 9,316 | - | - | 9,316 |

The above assets are valued at the closing price reported on the active market in which the individual securities are traded.

(13) SUBSEQUENT EVENTS

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through December 13, 2024, the date these financial statements were available to be issued.