

**BIG BROTHERS BIG SISTERS
OF BUTLER COUNTY, INC.**

Financial Statements

December 31, 2022 and 2021

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers Big Sisters of Butler County, Inc.
Hamilton, OH 45011

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Butler County, Inc (an Ohio nonprofit corporation, the "Organization"), which comprise the statements of financial position, as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, 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 Butler County, as of December 31, 2022 and 2021, 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 Butler County 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 the Organization'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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ATLAS CPAs & Auditors PLLC

Cincinnati, Ohio
February 20, 2023



BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 201,249	\$ 231,913
Accounts receivable, net	22,894	27,910
Prepaid expenses	2,152	2,202
TOTAL CURRENT ASSETS	226,295	262,025
PROPERTY AND EQUIPMENT		
Office furniture and equipment	53,172	52,822
Leasehold improvements	2,581	2,581
Less accumulated depreciation	(51,610)	(51,385)
PROPERTY AND EQUIPMENT, NET	4,143	4,018
OTHER ASSETS		
Right of use assets, net	31,358	-
Deposits	2,250	2,250
TOTAL OTHER ASSETS	33,608	2,250
TOTAL ASSETS	\$ 264,046	\$ 268,293
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,345	\$ 3,862
Accrued payroll and related expenses	21,814	20,847
Current portion of lease liability	28,661	-
TOTAL CURRENT LIABILITIES	56,820	24,709
LONG-TERM LIABILITIES		
Lease liability, less current portion	3,103	-
TOTAL LIABILITIES	59,923	24,709
NET ASSETS		
Without donor restrictions	194,486	243,584
With donor restrictions	9,637	-
TOTAL NET ASSETS	204,123	243,584
TOTAL LIABILITIES AND NET ASSETS	\$ 264,046	\$ 268,293

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

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 108,198	\$ 12,466	\$ 120,664
Foundations and trusts	177,007	-	177,007
Grants			
Government agencies	437,655	-	437,655
United Way	73,444	-	73,444
In-Kind contributions	50,889	-	50,889
Gross special events revenue	65,596	-	65,596
Less cost of direct benefits to donors	(22,297)	-	(22,297)
Net special events revenue	43,299	-	43,299
Net assets released from restrictions	2,829	(2,829)	-
TOTAL REVENUE AND PUBLIC SUPPORT	893,321	9,637	902,958
FUNCTIONAL EXPENSES			
Program services	740,761	-	740,761
Supporting services:			
Management and general	108,168	-	108,168
Fundraising and development	93,490	-	93,490
TOTAL OPERATING EXPENSES	942,419	-	942,419
CHANGE IN NET ASSETS	(49,098)	9,637	(39,461)
NET ASSETS - BEGINNING OF YEAR	243,584	-	243,584
NET ASSETS - END OF YEAR	\$ 194,486	\$ 9,637	\$ 204,123

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

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 85,144	\$ -	\$ 85,144
Foundations and trusts	196,492	-	196,492
Grants			
Government agencies	401,215	-	401,215
PPP loan forgiveness	130,500	-	130,500
United Way	95,062	-	95,062
In-Kind contributions	25,822	-	25,822
Gross special events revenue	58,268	-	58,268
Less cost of direct benefits to donors	(18,184)	-	(18,184)
Net special events revenue	40,084	-	40,084
Bureau of Workers' Compensation refund	189		189
Net assets released from restrictions	1,165	(1,165)	-
	975,673	(1,165)	974,508
TOTAL REVENUE AND PUBLIC SUPPORT			
FUNCTIONAL EXPENSES			
Program services	678,136	-	678,136
Supporting services:			
Management and general	117,800	-	117,800
Fundraising and development	103,661	-	103,661
	899,597	-	899,597
TOTAL OPERATING EXPENSES			
CHANGE IN NET ASSETS	76,076	(1,165)	74,911
NET ASSETS - BEGINNING OF YEAR	167,508	1,165	168,673
NET ASSETS - END OF YEAR	\$ 243,584	\$ -	\$ 243,584

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

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Compensation and related expenses:				
Salaries	\$ 515,412	\$ 82,763	\$ 79,809	\$ 677,984
Payroll taxes	44,111	7,082	6,410	57,603
Health insurance and benefits	14,096	2,264	2,048	18,408
Total compensation and related expenses	<u>573,619</u>	<u>92,109</u>	<u>88,267</u>	<u>753,995</u>
Program activities	42,605	-	-	42,605
Contract services	-	-	1,375	1,375
Lease expense	28,247	4,985	-	33,232
Professional fees	14,759	2,604	861	18,224
Insurance	12,608	2,225	-	14,833
National and local dues	7,100	-	-	7,100
Marketing and recruitment	20,692	-	-	20,692
Equipment maintenance	3,107	548	-	3,655
Utilities	6,871	1,213	-	8,084
Other expenses	10,313	1,820	1,772	13,905
Depreciation	1,725	-	-	1,725
Transportation	3,735	659	-	4,394
Conferences and meetings	5,925	1,046	-	6,971
Telephone	2,719	480	-	3,199
Office supplies	1,783	315	-	2,098
Site based materials	2,151	-	-	2,151
Postage	936	165	-	1,101
Printing and publications	1,865	-	1,215	3,080
Total functional expenses	<u>\$ 740,761</u>	<u>\$ 108,168</u>	<u>\$ 93,490</u>	<u>\$ 942,419</u>

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

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Compensation and related expenses:				
Salaries	\$ 491,525	\$ 94,737	\$ 89,835	\$ 676,097
Payroll taxes	41,232	8,080	8,553	57,865
Health insurance and benefits	3,043	596	631	4,270
Total compensation and related expenses	<u>535,800</u>	<u>103,413</u>	<u>99,019</u>	<u>738,232</u>
Program activities	18,882	-	-	18,882
Contract services	-	-	1,650	1,650
Rent	25,142	4,437	-	29,579
Professional fees	14,177	2,502	668	17,347
Insurance	11,227	1,981	-	13,208
National and local dues	8,415	-	-	8,415
Marketing and recruitment	24,975	-	-	24,975
Equipment maintenance	5,383	950	-	6,333
Utilities	6,674	1,178	-	7,852
Other expenses	11,541	2,037	1,907	15,485
Depreciation	1,903	-	-	1,903
Transportation	1,597	282	-	1,879
Conferences and meetings	1,164	205	-	1,369
Telephone	2,679	473	-	3,152
Office supplies	1,273	225	-	1,498
Site based materials	4,707	-	-	4,707
Postage	657	117	220	994
Printing and publications	1,940	-	197	2,137
Total functional expenses	<u>\$ 678,136</u>	<u>\$ 117,800</u>	<u>\$ 103,661</u>	<u>\$ 899,597</u>

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

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.**Statements of Cash Flows****For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (39,461)	\$ 74,911
Adjustments to reconcile change in net assets with cash flow from operations:		
Depreciation	1,725	1,903
Loss on disposal of equipment	-	238
Forgiveness of PPP loan	-	(130,500)
Amortization of operating right of use assets	28,028	-
(Increase) decrease in:		
Accounts receivable	5,016	(10,541)
Prepaid expenses	50	15
Increase (decrease) in:		
Accounts payable	2,483	1,379
Accrued payroll and related expenses	967	(695)
Net cash used by operating activities	<u>(1,192)</u>	<u>(63,290)</u>
CASH FLOWS FROM INVESTING		
Purchase of equipment	<u>(1,850)</u>	<u>(1,800)</u>
Net cash used by investing activities	<u>(1,850)</u>	<u>(1,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds for PPP loan	-	130,500
Payments of operating lease obligations	<u>(27,622)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(27,622)</u>	<u>130,500</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(30,664)	65,410
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>231,913</u>	<u>166,503</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 201,249</u>	<u>\$ 231,913</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid during year	<u>\$ -</u>	<u>\$ -</u>
NON-CASH TRANSACTIONS		
Operating lease liability incurred in relation to right of use asse	<u>\$ 59,385</u>	<u>\$ -</u>

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

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Big Brothers Big Sisters of Butler County, Inc. (the “Organization”) is a nonprofit corporation organized in 1974 under the laws of the State of Ohio. The mission of the Organization is to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. The Organization is dependent upon contributions from the general public, United Way, foundations, government grants, fundraising events and volunteers for its support.

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization’s operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, delays, loss of, or reduction to, revenue and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are presented to assist in understanding the Company’s financial statements. The policies conform to generally accepted accounting principles and have been consistently applied. The financial statements and notes are representations of the Company’s management who is responsible for their integrity and objectivity.

Basis of Presentation

The Organization’s financial statements have been prepared in accordance with generally accepted accounting principles (GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization currently does not have net assets with restrictions that are perpetual in nature.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs. Non-operating activities include other activities considered to be of a more unusual or nonrecurring nature. All activities of the Organization were operating activities during the years ended December 31, 2022 and 2021.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Restricted Cash

Restricted cash represents the remaining balance of a prior year memorial donation made in honor of Doris Atkinson, former Executive Director of Middletown Big Brothers Big Sisters. Funds are to be used exclusively for the purpose of site-based programs in Middletown, Ohio, a city in Butler County. These funds were spent during the year ended December 31, 2021 and are shown as net assets released from restrictions on the statement of activities.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

As of December 31, 2022 and 2021, the Organization did not have cash balances in excess of federally insured limits.

Accounts Receivable

The Organization receives grants from various government agencies. Accounts receivable as of December 31, 2022 and 2021 consist primarily of reimbursable program expenses incurred during each respective year that are expected to be received from government agencies under the various grant contracts. The Organization believes these accounts receivable are fully collectible, therefore no allowance for uncollectible accounts is provided.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The useful lives range from five to ten years. Significant renewals and betterments are capitalized and normal repairs and maintenance are expensed as incurred. When assets retire or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as income or expense in the reporting period. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Depreciation expense for the years ended December 31, 2022 and 2021 was \$1,725 and \$1,903, respectively.

Revenue Recognition

Contributions are recognized as revenue in the period the unconditional promise is made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions, grants and bequests are recognized with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Donor restricted contributions are reported as increases in net assets without donor restrictions if the purpose of the restriction is met in the year of the donation.

As of December 31, 2022, and 2021 there were no conditional promises to give with conditions that have not been met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of the direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

Contributed property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

Volunteers contribute significant amounts of time to program services; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles (See Note 11). Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are directly applied when applicable. Accordingly, certain costs have been allocated among programs and supporting services benefited. Management, on an equitable basis that reflects time and effort, determines such allocations.

In 2022, approximately 79% of the Organization's total expenses related to program services, 11% to management and general services, and 10% to fundraising activities. In 2021, approximately 75% of the Organization's total expenses related to program services, 13% to management and general services, and 12% to fundraising activities.

Compensated Absences

The Organization provides its employees with paid time off for vacation based on years of service. Employees are allowed to accumulate and carry forward unused allowances. Accrued and unused paid time off was \$21,814 and \$20,847 as of December 31, 2022 and 2021, respectively.

Income Taxes

The Organization is an Ohio nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The Organization is only subject to Federal income taxes on unrelated business income. The Organization had no unrelated business income during the years ended December 31, 2022 and 2021.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report any unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements as of December 31, 2022 and 2021.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs were \$15,308 and \$19,838 for the years ended December 31, 2022 and 2021, respectively.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Organization is a lessee in several noncancellable operating leases, for office space and other equipment. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The Organization has elected the risk free rate as the discount based on an allowable practical expedient. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Use of Estimates

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

Recently Issued Significant Accounting Standards

In February 2016, the FASB issued Accounting Standards Codification (“ASC”) Topic 842, Leases, and subsequently issued additional related ASUs (“Topic 842”), which requires lessees to recognize the following on the balance sheet for all leases (with the exception of short-term leases) at the commencement date: (a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a ROU asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The ASU was effective January 1, 2022. Prior to adoption of Topic 842, the Organization recognized operating lease payments as an expense on a straight-line basis over the lease term on the statements of income and did not recognize ROU assets or lease liabilities on the balance sheets.

The Organization adopted Topic 842 using a prospective transition approach with no prior-period adjustments. The Organization applied Topic 842 to all noncancelable operating leases outstanding as of January 1, 2022 except those that at lease commencement have an actual and intended lease term shorter than twelve months.

The Organization elected to apply optional practical expedients which allowed them to forego reassessments of 1) whether any expired or existing contracts are or contain leases; 2) the lease classification for any expired or existing leases; and 3) the initial direct costs for any existing leases. In connection with the adoption of Topic 842, the Organization implemented the new accounting policies related to ROU assets and lease liabilities as discussed above.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 3 - AVAILABILITY AND LIQUIDITY

The Organization has normal and recurring monthly expenses of approximately \$60,000. Cash flows fluctuate throughout the year due to the start dates of governmental grants and the promptness of corporate sponsorship payments. It is the desire of the Organization to maintain availability (cash and line of credit) sufficient to cover approximately three months of operating expenses. Refer also to note 7 below regarding the Line of Credit.

Currently, excess cash is not invested in interest bearing accounts. The Financial Oversight Committee has begun the process of examining interest bearing investment accounts that would generate some investment income while maintaining a high degree of flexibility and liquidity.

The following represents the Organization's financial assets at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 201,249	\$ 231,913
Accounts receivable	<u>22,894</u>	<u>27,910</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>224,143</u>	\$ <u>259,823</u>
Available line of credit at year end	\$ <u>55,000</u>	\$ <u>55,000</u>

NOTE 4 - NET ASSETS

Net assets with donor restrictions as of December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Specific Purpose - Technology upgrade	\$ <u>9,637</u>	\$ <u>-</u>

Net assets without donor restrictions as of December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ <u>194,486</u>	\$ <u>243,584</u>

Management budgeted to use \$30,000 of the reserves during the year ended December 31, 2022 for general operations and program activities.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 4 - NET ASSETS (Continued)

Net assets released from net assets with donor restrictions were as follows for the year ended December 31, 2022 and 2021:

	2022	2021
Satisfaction of Purpose Restrictions	\$ <u>2,829</u>	\$ <u>1,165</u>

NOTE 5 - FUNDRAISING EVENTS

The following events contributed to the resources available for programs during the year ended December 31, 2022:

	Revenue	Cost of Direct Donor Benefit	Net Profit
Run for Kids	\$ 37,243	\$ 11,315	\$ 25,928
Other Events	19,894	8,650	11,244
Car Wash	8,459	2,332	6,127
	\$ 65,596	\$ 22,297	\$ 43,299

The following events contributed to the resources available for programs during the year ended December 31, 2021:

	Revenue	Cost of Direct Donor Benefit	Net Profit
Run for Kids	\$ 38,101	\$ 8,003	\$ 30,098
Other Events	13,076	7,167	5,909
Car Wash	7,091	3,014	4,077
	\$ 58,268	\$ 18,184	\$ 40,084

The expenses presented above include in-kind donations (raffle prizes, gift certificates, other goods) of \$14,409 and \$12,175 for the years ended December 31, 2022 and 2021, respectively.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 6 - OPERATING LEASES

The Organization has a five-year copier lease which began in September 2020. The lease calls for monthly payments of \$150 plus additional usage expenses. The Organization also rents office space for a term of 5 years that expired in September 2021. The lease agreement was extended through November 2023 with monthly payments of \$2,533. The Organization classified these leases as operating leases. The Organization's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus variable payments for the copier lease. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

The components of lease cost for the year ended December 31, 2022 are as follows:

Operating lease cost	\$ 32,674
Variable lease cost	558
Short term lease cost	<u>-</u>
Total lease cost	<u>\$ 33,232</u>

Amounts reported in the balance sheet of December 31, 2022 were as follows:

Operating leases:	
Operating lease ROU assets	\$ 31,358
Operating lease liabilities	\$ 31,764

Other information related to leases as of December 31, 2022 was as follows:

Supplemental cash flow information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flow from operating leases	\$ 32,268
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ -
Reductions to ROU assets resulting from reductions to lease obligations:	
Operating leases	\$ 28,028

Weighted average remaining lease term:

Operating leases	14 months
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Weighted average discount rate:

Operating leases	1.03%
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BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 6 - OPERATING LEASES (Continued)

Amounts disclosed for ROU assets obtained for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

Maturities of lease liabilities under noncancellable operating leases as of December 31, 2022 are as follows:

Years Ending December 31,	
2023	\$ 30,510
2024	1,800
2025	1,800
Total undiscounted lease payments	34,110
Less imputed interest	2,346
Total lease liabilities	\$ 31,764

NOTE 7 - LINE OF CREDIT

The Organization has a \$55,000 line of credit with a local bank. The line carries an interest rate of prime plus 1.5%, (therefore, 9.0% at December 31, 2022) and matures on August 14, 2023. The balance outstanding as of December 31, 2022 and 2021 was zero. The Organization did not have any withdrawals or repayments during the years ended December 31, 2022 and 2021.

NOTE 8 - PPP LOAN FORGIVENESS

The Organization was awarded a Paycheck Protection Program (“PPP”) loan as a result of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) in February 2021 in the amount of \$130,500. The Organization applied for and received forgiveness in October 2021. As the Organization has incurred the qualifying expenses during the year ended December 31, 2021, the entire \$130,500 has been recorded as grant income for the year ended December 31, 2021. The Organization has elected to use the conditional contribution guidance pursuant to *ASC 958-605, Not-for-Profit Entities: Revenue Recognition* to determine the derecognition of the liability, as allowable by the AICPA.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
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NOTE 9 - CONCENTRATIONS

The Organization received approximately 34% and 28% of its total revenue from one government grantor during the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, two grantors accounted for 94% and 100% of accounts receivable, respectively.

The Organization expects various local and state government agencies to continue to be a reliable source of funds, and therefore they do not pose a significant concentration risk.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization pays certain fees and dues to the Big Brothers Big Sisters of America, a separate 501(c)(3) national organization. During the years ended December 31, 2022 and 2021, the Organization paid \$14,450 and \$15,790, respectively, to Big Brothers Big Sisters of America.

NOTE 11 - VOLUNTEER HOURS

Volunteers contribute significant amounts of time to the Organization; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles. During the years ended December 31, 2022 and 2021, 283 and 270 volunteers, respectively, contributed an average of 11 hours per month to our program services. Using the Independent Sector estimated value of a volunteer hour of \$29.95 and \$28.54 for 2022 and 2021, respectively, the estimated value of volunteer time was \$1,118,812 and \$1,017,165 for the years ended December 31, 2022 and 2021, respectively.

NOTE 12 - SUBSEQUENT EVENTS

Management reviews events and transactions occurring subsequent to the date of the financial statements for matters requiring potential recognition or disclosure in the financial statements. The Organization has evaluated subsequent events through February 20, 2023, the date the financial statements were available to be issued. Management has determined that there were no events or transactions that require adjustments or disclosure in the financial statements.