

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION**

**YEARS ENDED
JUNE 30, 2023 AND 2022**

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.

CONTENTS

	Page
Independent Auditor's Report	3-4
STATEMENTS OF FINANCIAL POSITION.....	5
STATEMENTS OF ACTIVITIES.....	6
STATEMENTS OF FUNCTIONAL EXPENSES	7-8
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS.....	10-20
Independent Auditor's Report on Supplementary Information	21
STATEMENTS OF ACTIVITIES BY LOCATION.....	22-25



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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, 2023 and 2022, 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, 2023 and 2022, 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 5, 2023

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 804,157	\$ 1,038,610
Investments	2,475,496	1,366,659
Metro United Way receivable	128,583	179,615
Grants and other receivables	353,624	367,686
Pledges receivable, net	102,703	163,126
In kind supplies inventory	12,500	10,000
Prepaid expenses	42,086	51,989
Property and equipment, net	991,854	1,010,276
Finance lease right-of-use asset	15,778	-
	TOTAL ASSETS	TOTAL ASSETS
	\$ 4,926,781	\$ 4,187,961
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 32,911	\$ 40,436
Accrued expenses	180,991	154,563
Deferred revenue	-	15,368
Finance lease liability	15,687	-
	Total Liabilities	Total Liabilities
	229,589	210,367
Net Assets		
Without donor restrictions	4,007,126	3,223,657
With donor restrictions	690,066	753,937
	Total Net Assets	Total Net Assets
	4,697,192	3,977,594
	TOTAL LIABILITIES AND NET ASSETS	TOTAL LIABILITIES AND NET ASSETS
	\$ 4,926,781	\$ 4,187,961

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND SUPPORT						
Metro United Way	\$ 18,916	\$ 70,334	\$ 89,250	\$ -	\$ 180,615	\$ 180,615
Grants	1,278,702	589,566	1,868,268	1,094,227	551,749	1,645,976
Employee Retention Credit	-	-	-	209,491	-	209,491
Contributions	706,684	7,500	714,184	657,539	-	657,539
Special events, net of costs of direct benefits to donors	325,481	-	325,481	238,949	-	238,949
Investment return	152,857	1,593	154,450	(133,833)	-	(133,833)
Gifts in kind	62,726	-	62,726	57,073	-	57,073
Loss on disposal of property and equipment	(887)	-	(887)	-	-	-
Net assets released from restrictions	732,864	(732,864)	-	637,101	(637,101)	-
Total Revenues and Support	3,277,343	(63,871)	3,213,472	2,760,547	95,263	2,855,810
EXPENSES						
Program services	1,778,119	-	1,778,119	1,507,671	-	1,507,671
Management and general	260,240	-	260,240	224,771	-	224,771
Fundraising	455,515	-	455,515	332,927	-	332,927
Total Expenses	2,493,874	-	2,493,874	2,065,369	-	2,065,369
Change in Net Assets	783,469	(63,871)	719,598	695,178	95,263	790,441
Net Assets at Beginning of Year	3,223,657	753,937	3,977,594	2,528,479	658,674	3,187,153
Net Assets at End of Year	\$ 4,007,126	\$ 690,066	\$ 4,697,192	\$ 3,223,657	\$ 753,937	\$ 3,977,594

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
			For Kids Sake	Other Fundraising	
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	500	2,629	18,026
Computer/software	14,758	3,989	114	21,140	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
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	\$ 2,744	\$ 452,771	\$ 2,493,874

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program	Management and General	Fundraising		Total
			For Kids Sake	Other Fundraising	
Salaries	\$ 1,034,778	\$ 154,705	\$ -	\$ 221,865	\$ 1,411,348
Employee benefits	70,657	12,370	-	33,477	116,504
Payroll taxes	91,890	11,943	-	17,016	120,849
Occupancy	17,984	2,130	-	3,549	23,663
Computer/software	17,716	7,778	38	17,716	43,248
Insurance	32,599	1,029	-	686	34,314
Postage and shipping	875	125	-	3,166	4,166
Professional fees	19,648	20,128	-	8,147	47,923
Printing	4,854	809	32	2,427	8,122
National dues	20,701	1,380	-	920	23,001
Equipment rental and maintenance	19,768	-	-	-	19,768
Telephone	27,632	3,272	-	5,454	36,358
Staff training	835	-	-	512	1,347
Office supplies	2,110	257	20	422	2,809
Travel	7,997	84	-	337	8,418
Advertising	5,024	-	-	264	5,288
Conferences and meetings	12,133	383	-	255	12,771
Memberships and dues	1,196	1,315	-	1,475	3,986
Appreciation	336	-	-	-	336
Activities	11,757	-	573	-	12,330
Miscellaneous	5,702	-	1,613	-	7,315
Recruitment	11,296	-	-	-	11,296
Interest	124	-	-	-	124
Special events	3,471	-	-	4,242	7,713
Fund development	-	-	-	-	-
Provision for uncollectible pledges	(1,043)	-	-	-	(1,043)
Gifts in kind	46,290	2,167	-	562	49,019
Depreciation and amortization	41,341	4,896	-	8,159	54,396
Total Functional Expenses	\$ 1,507,671	\$ 224,771	\$ 2,276	\$ 330,651	\$ 2,065,369

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 719,598	\$ 790,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	51,545	54,396
Loss on disposal of property and equipment	887	-
Realized and unrealized (gain) loss on investments	(113,343)	144,034
(Increase) decrease in assets:		
Metro United Way receivable	51,032	(54,555)
Grants and other receivables	14,062	(136,522)
Pledges receivable	60,423	(98,227)
Inventory	(2,500)	30,889
Prepaid expenses	9,903	(29,868)
Increase (decrease) in liabilities:		
Accounts payable	(7,525)	7,685
Accrued expenses	26,428	35,226
Deferred revenue	(15,368)	(3,833)
Net Cash Provided By Operating Activities	795,142	739,666
INVESTING ACTIVITIES		
Purchase of property and equipment	(33,179)	(41,168)
Purchase of investments	(1,702,892)	(2,348,324)
Proceeds received on sale of investments	707,398	1,753,995
Net Cash Used In Investing Activities	(1,028,673)	(635,497)
FINANCING ACTIVITIES		
Principal payments under finance lease obligations	(922)	(4,114)
Net Cash Used In Financing Activities	(922)	(4,114)
Net Increase (Decrease) in Cash and Cash Equivalents	(234,453)	100,055
Cash and cash equivalents at beginning of year	1,038,610	938,555
Cash and Cash Equivalents at End of Year	\$ 804,157	\$ 1,038,610
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	\$ 407	\$ 130
Amounts included in the measurement of lease liabilities	1,335	-
SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING ACTIVITIES:		
Lease assets obtained in exchange for lease obligations	\$ 16,609	\$ -

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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, 2023, the Organization had a balance of \$486,771 in excess of insured limits.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(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.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management reviews all contribution receivable balances that are past due and based on an assessment of current creditworthiness, 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, 2023 and 2022, the allowance for uncollectible pledges totaled \$2,500 and \$2,272, 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 39,820 and 44,892 volunteer hours were donated to the Organization during the years ended June 30, 2023 and 2022, 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 2023 and 2022 is \$26.85 and \$23.01 per hour, respectively. Applying this rate, the Organization mentor services can be valued at approximately \$1,069,000 and \$1,033,000 for the years ended June 30, 2023 and 2022, 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, 2023 AND 2022

(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 \$3,008 and \$5,288 for the years ended June 30, 2023 and 2022, 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, 2023, 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.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 804,157	\$ 1,038,610
Investments	2,475,496	1,366,659
Metro United Way receivable	128,583	179,615
Grants and other receivables	353,624	367,686
Pledges receivable, net	102,703	163,126
	3,864,563	3,115,696
Less net assets with donor restrictions	(690,066)	(753,937)
	\$ 3,174,497	\$ 2,361,759

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, 2023.

(3) **INVESTMENTS**

Investments at June 30, 2023 and 2022 consist of the following:

	<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)
	\$ 2,478,766	\$ 2,475,496	\$ (3,270)
Total investments	\$ 2,478,766	\$ 2,475,496	\$ (3,270)

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(3 – continued)

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
June 30, 2022:			
Taxable bonds	\$ 314,027	\$ 313,053	\$ (974)
Taxable bond funds	417,087	392,308	(24,779)
Stocks/options	525,611	451,622	(73,989)
Stock funds	240,935	200,926	(40,009)
Balanced funds	9,664	8,750	(914)
	<hr/>	<hr/>	<hr/>
Total investments	<u>\$ 1,507,324</u>	<u>\$ 1,366,659</u>	<u>\$ (140,665)</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.

In 2022, the Investment Policy Statement (IPS) was modified to reflect the changes in these investment accounts.

(4) **PLEDGES RECEIVABLE**

The Organization has pledges receivable related to special events and other contributions. Pledges receivable as of June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Special events pledges	\$ 40,100	\$ 62,175
Other pledges	65,103	103,223
Gross pledges receivable	<hr/> 105,203	<hr/> 165,398
Less allowance for uncollectible pledges	<hr/> (2,500)	<hr/> (2,272)
Total	<hr/> <u>\$ 102,703</u>	<hr/> <u>\$ 163,126</u>

Gross pledges receivable are due according to the following schedule:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 105,203	\$ 115,398
One to five years	-	50,000
Total pledges receivable	<hr/> <u>\$ 105,203</u>	<hr/> <u>\$ 165,398</u>

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(4 – continued)

At June 30, 2023, approximately 59% of gross pledges receivable were from two donors, and at June 30, 2022, approximately 60% of gross pledges receivable were from one donor.

(5) **PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 131,600	\$ 131,600
Building and building improvements	1,377,116	1,355,116
Furniture and fixtures	81,397	78,928
Equipment	93,788	110,705
	1,683,901	1,676,349
Less accumulated depreciation	692,047	666,073
	\$ 991,854	\$ 1,010,276

(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 (8.25% as of June 30, 2023). 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, 2023 and 2022. The line of credit matures on October 20, 2023.

(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 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.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(7 – continued)

The 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 year ended June 30, 2023 were as follows:

Depreciation and amortization	\$	830
Interest		<u>414</u>
 Total finance lease costs	 \$	 <u><u>1,244</u></u>

For the year ended June 30, 2022, the Organization incurred total rent expense of \$6,000.

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

Weighted Average Remaining Lease Term	
Finance leases	4.67 years
Weighted Average Discount Rate	
Finance leases	7.63%

The following is a schedule, by years, of future minimum rental payments required under finance leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2023:

Years ending June 30:	
2024	\$ 4,006
2025	4,006
2026	4,006
2027	4,006
2028	<u>2,671</u>
Total lease payments	18,695
Less: interest	<u>3,008</u>
 Present value of lease liabilities	 \$ <u><u>15,687</u></u>

As of June 30, 2023, the Organization has an additional operating lease for office space that has not yet commenced. This operating lease is expected to commence in 2024 with a lease term of five years.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(8) **GIFTS IN KIND**

The Organization received gifts in kind for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fundraising supplies	\$ 25,554	\$ 33,042
Match activities	35,992	14,384
Professional services	-	3,747
Property and equipment	-	5,900
Training	1,180	-
	<hr/>	<hr/>
Total	<u>\$ 62,726</u>	<u>\$ 57,073</u>

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 \$25,554 and \$33,042 for the years ended June 30, 2023 and 2022, 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 \$35,992 and \$14,384 for the years ended June 30, 2023 and 2022, 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.

The Organization received donated professional services with an estimated fair market value of \$3,747 for the year ended June 30, 2022, which represent legal services. This donation of legal services was used by the Organization for consultation on human resource and administrative matters.

The Organization received donated property and equipment with an estimated fair market value of \$5,900 for the year ended June 30, 2022. These items were used to replace laptops and a refrigerator.

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.

Donated professional services were valued at the attorney's rate per hour and all other items were valued at the replacement or purchase price.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(8 – continued)

All gifts-in-kind received by the Organization for the years ended June 30, 2023 and 2022 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, 2023 and 2022, were as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Revenue and</u> <u>Support</u>	<u>Net assets</u> <u>Released From</u> <u>Restrictions</u>	<u>Balance</u> <u>June 30, 2023</u>
Community based	\$ 556,864	\$ 438,150	\$ (556,864)	\$ 438,150
Site based	33,500	9,000	(33,500)	9,000
School to work	45,000	138,500	(45,000)	138,500
It Takes Two	92,000	7,500	(92,000)	7,500
Other	5,000	74,250	(5,000)	74,250
Scholarships	21,573	1,593	(500)	22,666
	<u>\$ 753,937</u>	<u>\$ 668,993</u>	<u>\$ (732,864)</u>	<u>\$ 690,066</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 \$32,084 and \$23,568 for the years ended June 30, 2023 and 2022, respectively.

(11) **SPECIAL EVENTS**

Special events consisted of the following for the years ended June 30, 2023 and 2022:

	<u>Gross</u> <u>Revenue</u>	<u>Cost of Direct</u> <u>Benefit</u> <u>to Donors</u>	<u>Expenses</u>	<u>Net</u> <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>

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(11 – continued)

	<u>Gross</u> <u>Revenue</u>	Cost of Direct Benefit <u>to Donors</u>	<u>Expenses</u>	Net <u>Revenue</u>
June 30, 2022:				
For Kids Sake	\$ 107,216	\$ (917)	\$ (2,276)	\$ 104,023
Links for Littles	142,761	(37,347)	(6,498)	98,916
Other Events	54,725	(10,226)	(1,215)	43,284
	\$ 304,702	\$ (48,490)	\$ (9,989)	\$ 246,223
	\$ 304,702	\$ (48,490)	\$ (9,989)	\$ 246,223

(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.

- 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.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

(12 – continued)

	Carrying Value			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
June 30, 2022:				
<i>Assets Measured on a Recurring Basis</i>				
Taxable bonds	\$ 313,053	\$ -	\$ -	\$ 313,053
Taxable bond funds	392,308	-	-	392,308
Stocks/options	451,622	-	-	451,622
Stock funds	200,926	-	-	200,926
Balanced funds	8,750	-	-	8,750

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

(13) EMPLOYEE RETENTION CREDIT

During the year ended June 30, 2022, the Organization qualified for the Employee Retention Credit in the amount of \$209,491. As of June 30, 2022, \$77,844 had been received and \$131,647 was included in grants and other receivables in the Statement of Financial Position. The remaining \$131,647 was received during the year ended June 30, 2023.

(14) 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 5, 2023, the date these financial statements were available to be issued.



MONROE SHINE

KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

500 NORTH HURSTBOURNE PARKWAY, SUITE 150, LOUISVILLE, KENTUCKY 40222 • PHONE: 502.423.0311 • FAX: 502.339.7103

Independent Auditor's Report on Supplementary Information

Board of Directors

Big Brothers Big Sisters of Kentuckiana, Inc.

Louisville, Kentucky

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The June 30, 2023 and 2022 supplementary information presented on pages 22-25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Monroe Shine

Louisville, Kentucky

December 5, 2023

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION
YEAR ENDED JUNE 30, 2023

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES AND SUPPORT											
Metro United Way	\$ 59,750	\$ -	\$ -	\$ -	\$ (9,500)	\$ 35,000	\$ 4,000	\$ -	\$ -	\$ -	\$ 89,250
Grants	1,489,604	6,596	3,369	36,854	315,071	16,358	416	-	-	-	1,868,268
Employee Retention Credit	-	-	-	-	-	-	-	-	-	-	-
Contributions	611,913	33,790	5,950	2,881	24,320	25,596	4,734	-	5,000	-	714,184
Special events, net											
For Kids Sake	50,337	-	-	-	-	-	-	-	-	2,744	53,081
Other events	206,686	-	-	1,062	23,666	-	-	-	-	40,986	272,400
Investment return	154,450	-	-	-	-	-	-	-	-	-	154,450
Gifts in kind	62,726	-	-	-	-	-	-	-	-	-	62,726
Realized and unrealized gains (losses)	(887)	-	-	-	-	-	-	-	-	-	(887)
Branch dues	37,581	-	-	-	-	424	-	-	-	(38,005)	-
Total Revenues and Support	\$ 2,672,160	\$ 40,386	\$ 9,319	\$ 40,797	\$ 353,557	\$ 77,378	\$ 9,150	\$ -	\$ 5,000	\$ 5,725	\$ 3,213,472

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED
YEAR ENDED JUNE 30, 2023

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
EXPENSES											
Salaries	\$ 1,230,420	\$ 31,716	\$ 7,612	\$ 39,764	\$ 272,435	\$ 60,186	\$ 7,825	\$ -	\$ 1,415	\$ -	\$ 1,651,373
Employee benefits	110,872	3,137	491	1,920	14,470	3,080	166	-	162	-	134,298
Payroll taxes	109,770	2,567	429	1,446	13,486	4,272	235	-	132	-	132,337
Occupancy	17,526	-	-	-	-	-	-	-	-	500	18,026
Computer/software	39,887	-	-	-	-	-	-	-	-	114	40,001
Insurance	27,552	756	264	948	4,870	1,732	383	-	14	-	36,519
Postage and shipping	7,150	358	-	232	6	12	-	-	-	-	7,758
Professional fees	80,670	-	-	-	-	-	-	-	-	-	80,670
Printing	15,888	-	-	-	19	80	-	-	-	-	15,987
National dues	20,127	300	151	521	2,897	1,056	95	-	80	-	25,227
Equipment rental and maintenance	16,393	-	-	-	-	-	-	-	-	-	16,393
Telephone	47,093	-	-	-	-	(12)	-	-	-	-	47,081
Staff training	2,814	-	-	-	-	-	-	-	-	-	2,814
Office supplies	3,055	-	-	-	-	-	-	-	-	-	3,055
Travel	17,821	-	-	215	2,026	639	-	-	-	-	20,701
Advertising	3,008	-	-	-	-	-	-	-	-	-	3,008
Conferences and meetings	16,704	4	-	-	762	102	-	-	-	-	17,572
Memberships and dues	11,074	150	-	-	905	150	-	-	-	-	12,279
Appreciation	-	-	-	-	-	-	-	-	-	250	250
Activities	22,133	-	-	-	736	19	-	-	-	557	23,445
Miscellaneous	2,922	29	-	-	42	7	-	-	-	1,323	4,323
Recruitment	23,065	436	59	125	1,961	366	40	-	60	-	26,112
Interest	414	-	-	-	-	-	-	-	-	-	414
Special events	-	-	-	-	-	-	-	-	-	40,986	40,986
Fund development	21,246	-	-	-	-	-	-	-	-	-	21,246
Provision for uncollectible pledges	228	-	-	-	-	-	-	-	-	-	228
Gifts in kind	60,226	-	-	-	-	-	-	-	-	-	60,226
Depreciation and amortization	51,033	296	-	-	-	216	-	-	-	-	51,545
Branch dues	-	636	312	3,582	27,966	4,662	397	-	450	(38,005)	-
	<u>1,959,091</u>	<u>40,385</u>	<u>9,318</u>	<u>48,753</u>	<u>342,581</u>	<u>76,567</u>	<u>9,141</u>	<u>-</u>	<u>2,313</u>	<u>5,725</u>	<u>2,493,874</u>
Change in Net Assets	713,069	1	1	(7,956)	10,976	811	9	-	2,687	-	719,598
Net Assets (Deficit) at Beginning of Year	<u>3,516,507</u>	<u>24,048</u>	<u>49,671</u>	<u>(1,366)</u>	<u>470,955</u>	<u>(110,231)</u>	<u>42,182</u>	<u>359</u>	<u>(14,531)</u>	<u>-</u>	<u>3,977,594</u>
Net Assets (Deficit) at End of Year	<u>\$ 4,229,576</u>	<u>\$ 24,049</u>	<u>\$ 49,672</u>	<u>\$ (9,322)</u>	<u>\$ 481,931</u>	<u>\$ (109,420)</u>	<u>\$ 42,191</u>	<u>\$ 359</u>	<u>\$ (11,844)</u>	<u>\$ -</u>	<u>\$ 4,697,192</u>

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED
YEAR ENDED JUNE 30, 2022

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES AND SUPPORT											
Metro United Way	\$ 147,872	\$ -	\$ 69	\$ -	\$ 13,674	\$ 15,000	\$ 4,000	\$ -	\$ -	\$ -	\$ 180,615
Grants	1,140,558	4,185	2,608	32,957	435,148	18,122	1,398	6,000	5,000	-	1,645,976
Employee Retention Credit	209,491	-	-	-	-	-	-	-	-	-	209,491
Contributions	596,222	16,077	6,125	576	11,743	26,196	50	50	500	-	657,539
Special events, net											
For Kids Sake	97,601	-	-	3,100	2,921	248	153	-	-	2,276	106,299
Other events	118,212	-	-	2,245	22,493	-	-	-	(750)	7,713	149,913
Investment return	(133,833)	-	-	-	-	-	-	-	-	-	(133,833)
Gifts in kind	36,248	-	-	1,200	750	1,612	-	-	-	-	39,810
Branch dues	46,186	-	-	-	-	441	-	-	-	(46,627)	-
Total Revenues and Support	\$ 2,258,557	\$ 20,262	\$ 8,802	\$ 40,078	\$ 486,729	\$ 61,619	\$ 5,601	\$ 6,050	\$ 4,750	\$ (36,638)	\$ 2,855,810

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED
YEAR ENDED JUNE 30, 2022

	<u>Jefferson County</u>	<u>Oldham County</u>	<u>Shelby County</u>	<u>Harrison County</u>	<u>Clark County</u>	<u>Hardin County</u>	<u>Nelson County</u>	<u>Taylor County</u>	<u>Grayson County</u>	<u>Eliminations</u>	<u>Total</u>
EXPENSES											
Salaries	\$ 1,213,468	\$ 9,753	\$ 6,354	\$ 20,329	\$ 119,663	\$ 34,611	\$ 3,852	\$ -	\$ 3,318	\$ -	\$ 1,411,348
Employee benefits	97,078	2,884	665	1,438	10,960	2,692	385	16	386	-	116,504
Payroll taxes	100,202	1,808	555	1,834	11,073	4,705	347	10	315	-	120,849
Occupancy	17,663	-	-	-	-	6,000	-	-	-	-	23,663
Computer/software	43,210	-	-	-	-	-	-	-	-	38	43,248
Insurance	26,287	683	250	826	4,115	1,831	286	-	36	-	34,314
Postage and shipping	3,814	54	-	204	94	-	-	-	-	-	4,166
Professional fees	47,923	-	-	-	-	-	-	-	-	-	47,923
Printing	6,348	-	-	-	25	1,717	-	-	-	32	8,122
National dues	16,370	835	189	1,009	1,960	2,372	68	-	198	-	23,001
Equipment rental and maintenance	19,768	-	-	-	-	-	-	-	-	-	19,768
Telephone	35,361	-	-	80	160	757	-	-	-	-	36,358
Staff training	1,347	-	-	-	-	-	-	-	-	-	1,347
Office supplies	2,260	-	-	-	289	240	-	-	-	20	2,809
Travel	6,611	30	-	866	732	76	103	-	-	-	8,418
Advertising	5,288	-	-	-	-	-	-	-	-	-	5,288
Conferences and meetings	12,128	-	-	8	635	-	-	-	-	-	12,771
Memberships and dues	3,386	150	-	-	350	-	-	-	100	-	3,986
Appreciation	293	-	-	43	-	-	-	-	-	-	336
Activities	11,704	-	-	-	53	-	-	-	-	573	12,330
Miscellaneous	5,177	128	-	81	278	38	-	-	-	1,613	7,315
Recruitment	8,630	134	-	204	1,695	633	-	-	-	-	11,296
Interest	51	-	-	-	-	73	-	-	-	-	124
Special events	-	-	-	-	-	-	-	-	-	7,713	7,713
Provision for uncollectible pledges	(1,043)	-	-	-	-	-	-	-	-	-	(1,043)
Gifts in kind	45,457	-	-	1,200	750	1,612	-	-	-	-	49,019
Depreciation and amortization	53,072	296	-	-	-	1,028	-	-	-	-	54,396
Branch dues	-	1,620	304	2,900	37,939	2,981	500	-	383	(46,627)	-
	1,781,853	18,375	8,317	31,022	190,771	61,366	5,541	26	4,736	(36,638)	2,065,369
Change in Net Assets	476,704	1,887	485	9,056	295,958	253	60	6,024	14	-	790,441
Net Assets (Deficit) at Beginning of Year	3,039,803	22,161	49,186	(10,422)	174,997	(110,484)	42,122	(5,665)	(14,545)	-	3,187,153
Net Assets (Deficit) at End of Year	\$ 3,516,507	\$ 24,048	\$ 49,671	\$ (1,366)	\$ 470,955	\$ (110,231)	\$ 42,182	\$ 359	\$ (14,531)	\$ -	\$ 3,977,594