BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters of Central Arizona
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Central Arizona (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Central Arizona as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Big Brothers Big Sisters of Central Arizona and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Correction of an Error

As discussed in Note 17 to the financial statements, two errors related to the beginning net assets as of July 1, 2022 were discovered which resulted in an understatement of beginning net assets by $228,112. Our opinion is not modified with respect to that matter.

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 Central Arizona's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of Central Arizona'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 Central Arizona'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.

Board of Directors
Big Brothers Big Sisters of Central Arizona

Report on Summarized Comparative Information

We have previously audited Big Brothers Big Sisters of Central Arizona's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 11, 2024

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	2023	2022 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,508,644	$ 2,507,401
Grants and Contributions Receivable	344,961	330,724
Certificates of Deposit	2,000,000	-
Investments	918,503	875,119
Prepaid Expenses and Other	41,870	11,919
Due from Related Parties	16,491	164,088
Total Current Assets	4,830,469	3,889,251
PROPERTY AND EQUIPMENT, Net	1,933,683	2,031,207
OTHER ASSETS		
Cash Held for Endowment Funds	100,000	100,000
Unemployment Trust Fund	26,604	29,797
Other Assets	708	708
Total Other Assets	127,312	130,505
Total Assets	$ 6,891,464	$ 6,050,963
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 32,811	$ 56,732
Accrued Expenses	445,296	413,945
Current Maturities of Obligation Under a Capital Lease	-	2,799
Lease Liability - Financing, Current Portion	2,971	-
Current Maturities of Long-Term Obligation	30,343	29,281
Total Current Liabilities	511,421	502,757
LONG-TERM LIABILITIES		
Long-Term Obligation Under a Capital Lease, Net of Current Maturities	-	11,011
Lease Liability - Financing, Net of Current Portion	8,255	-
Long-Term Obligation, Net of Current Maturities	1,127,590	1,157,933
Total Long-Term Liabilities	1,135,845	1,168,944
Total Liabilities	1,647,266	1,671,701
NET ASSETS		
Without Donor Restrictions	4,868,151	3,805,913
With Donor Restrictions	376,047	573,349
Total Net Assets	5,244,198	4,379,262
Total Liabilities and Net Assets	$ 6,891,464	$ 6,050,963

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	2023			2022 (Restated)
	Without Donor Restrictions	With Donor Restrictions	Totals	Total
PUBLIC SUPPORT AND REVENUES				
Public Support:				
Contributions	$ 689,592	$ -	$ 689,592	$ 1,072,038
In-Kind Contributions	68,341	-	68,341	34,679
United Way	-	150,000	150,000	112,500
Big Brothers Big Sisters of Central Arizona Association	1,756,000	-	1,756,000	600,000
Grants and Contracts	566,055	367,581	933,636	1,495,771
Total Public Support	3,079,988	517,581	3,597,569	3,314,988
Revenues:				
Investment Income	114,850	-	114,850	(31,467)
Other	206,963	-	206,963	210,555
Total Revenues	321,813	-	321,813	179,088
Special Events:				
Revenue from Special Events, Cash	688,589	-	688,589	753,914
Revenue from Special Events, In-Kind	251,546	-	251,546	177,620
Less: Costs of Direct Donor Benefits	(361,657)	-	(361,657)	(317,724)
Gross Profit on Special Events	578,478	-	578,478	613,810
Net Assets Released from Restrictions	714,883	(714,883)	-	-
Total Public Support, Revenues, and Special Events	4,695,162	(197,302)	4,497,860	4,107,886
EXPENSES				
Mentoring Program	2,588,211	-	2,588,211	2,140,362
Management and General	535,535	-	535,535	455,486
Fundraising	509,178	-	509,178	387,687
Total Expenses	3,632,924	-	3,632,924	2,983,535
CHANGES IN NET ASSETS	1,062,238	(197,302)	864,936	1,124,351
Net Assets - Beginning of Year	3,805,913	573,349	4,379,262	3,254,911
NET ASSETS - END OF YEAR	$ 4,868,151	$ 376,047	$ 5,244,198	$ 4,379,262

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	2023					
	Mentoring Program	Management and General	Fundraising	Direct Donor Benefits	Total Functional Expenses	2022 Total
Salaries and Wages	$ 1,630,889	$ 146,588	$ 250,557	$ -	$ 2,028,034	$ 1,756,165
Employee Benefits	148,970	13,390	22,886	-	185,246	157,129
Employer Taxes	122,141	10,978	18,765	-	151,884	132,173
Professional and Contract Fees	196,285	191,583	13,627	-	401,495	297,704
Supplies	4,466	6,424	351	-	11,241	81,562
Telephone and Communications	12,740	21,076	1,298	-	35,114	27,442
Postage and Shipping	-	1,367	1,077	-	2,444	2,885
Occupancy	362	39,160	5	-	39,527	89,811
Equipment	(229)	6,793	(99)	-	6,465	13,275
Printing and Publications	449	129	7,463	-	8,041	2,483
Travel and Mileage	19,902	5,288	3,374	-	28,564	10,724
Conferences and Meetings	1,727	12,160	1,208	-	15,095	10,871
Program and Event Support	71,707	3,202	144,400	-	219,309	175,404
Recruitment and Public Relations	91,715	244	9,755	-	101,714	26,253
Dues and Subscriptions	2,943	28,534	3,427	-	34,904	31,019
License and Fees	2,755	21,377	5,875	-	30,007	37,037
Insurance	75,919	2,386	-	-	78,305	39,192
Interest	14,256	16,472	16,718	-	47,446	23,287
Depreciation and Amortization	110,814	8,384	8,491	-	127,689	66,619
Bad Debt	-	-	-	-	-	2,500
Pass-Through Expenses	80,400	-	-	-	80,400	-
Special Event - Direct Donor Benefits	-	-	-	361,657	361,657	317,724
Total	2,588,211	535,535	509,178	361,657	3,994,581	3,301,259
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	(361,657)	(361,657)	(317,724)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 2,588,211	$ 535,535	$ 509,178	$ -	$ 3,632,924	$ 2,983,535

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF CASH FLOW
YEAR ENDED JUNE 30, 2023

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 864,936	$ 1,124,351
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	127,689	66,619
Bad Debts	-	2,500
Loss on Disposal of Property and Equipment	13,185	825
Realized and Unrealized Gains on Investments	(31,555)	44,631
Increase (Decrease) in Cash Resulting from Changes in:		
Grants and Contributions Receivable	(14,237)	(89,265)
Prepaid Expenses and Other	(29,951)	56,587
Due from Related Parties	147,597	(164,048)
Unemployment Trust Fund	3,193	(5,058)
Accounts Payable	(23,921)	2,820
Deferred Rent	-	(13,980)
Accrued Expenses	31,351	211,633
Net Cash Provided by Operating Activities	1,088,287	1,237,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(43,350)	(794,396)
Purchases of Certificates of Deposit	(2,000,000)	-
Purchases of Investments	(20,695)	(936,446)
Proceeds from Sale of Investments	8,866	801,068
Net Cash Used by Investing Activities	(2,055,179)	(929,774)
CASH FLOWS USED BY FINANCING ACTIVITIES		
Payments on Long-Term Debt	(29,281)	(12,786)
Repayments of Obligations Under Capital Lease	-	(5,145)
Repayments of Obligations Under Financing Lease	(2,584)	-
Net Cash Used by Financing Activities	(31,865)	(17,931)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(998,757)	289,910
Cash and Cash Equivalents - Beginning of Year	2,607,401	2,317,491
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,608,644	$ 2,607,401
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	$ 1,508,644	$ 2,507,401
Restricted Cash	100,000	100,000
Total Cash and Cash Equivalents	$ 1,608,644	$ 2,607,401
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest Expenses	$ 47,446	$ 23,287
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Building Purchased through a Note Payable	$ -	$ 1,200,000
Acquisition of Equipment Through a Capital Lease	$ -	$ 15,362

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Big Brothers Big Sisters of Central Arizona (BBBS or the Agency) was incorporated in the state of Arizona and is a nonprofit corporation organized to provide guidance to boys and girls through association with appropriate role models. The mission of BBBS is to help children realize their potential through the development of professionally supported one to one relationships with volunteers who care about them. The vision of BBBS is that BBBS contributes to a healthier and stronger community by providing children with mentors who will help them succeed in life. The majority of BBBS revenue is derived from various fundraising activities, grants, and contracts with other nonprofit organizations, corporations, and local governments.

BBBS operates under an affiliation agreement with Big Brothers Big Sisters of Central Arizona Association (the Association). BBBS and the Association each have a separate board of directors. The Association has no legal obligation to fund BBBS, but the intent is that they will work together.

Net Asset Classification

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Those resources over which the board of directors has discretionary control.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of the Agency or passage of time. Other donor-imposed restrictions will be held in perpetuity by BBBS. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Prior Year Summarized Information

The financial statements include prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has made reasonable collection efforts are written off.

Management believes that all grants and contributions receivable at June 30, 2023 are fully collectible.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is initially recorded at cost and donated property is recorded at the fair value at the date of the gift. Contributions of nonfinancial assets are initially recorded at fair value and then carried at the lower of carrying value or fair value. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. Depreciation is provided using the straight-line method over estimated useful lives of the acquired and donated assets. The estimated useful lives range from 3 to 5 years. Repairs and maintenance are expensed as incurred.

The Agency capitalizes expenditures that are equal to or greater than $2,500. When items are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statement of activities.

Impairment of Long-Lived Assets

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future undiscounted net cash flows which the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no such impairments of long-lived assets as of June 30, 2023.

Leases

The Agency determines if an arrangement is a lease at inception. Finance leases are included in property and equipment and lease liability – financing in the statement of financial position.

Right-of-use (ROU) assets represent the Agency’s right to use an underlying asset for the lease term and lease liabilities represent the Agency’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Agency has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The lease contract does not provide information about the discount rate implicit in the lease. Therefore, the Agency has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, is received. 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. Certain Agency grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2023, outstanding conditional contributions approximating $413,000 for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Donated Services

Noncash in-kind contributions are recorded as both revenue and expense at the estimated fair value in the financial statements if, among other things, the Agency would typically need to purchase these services if they were not provided by donation.

The Agency receives substantial support in the form of donated volunteer services. The value of these services is not recorded because they do not meet the requirements to be recorded in accordance with nonprofit accounting principles.

Noncash contributions of advertising, special event auction items, and sporting event tickets are recorded at fair value at the time of donation. Items given away by the Agency as part of its program are recorded as an equal expense.

Special Events Revenue

The Agency conducts special events in which a portion of the gross proceeds paid by the participant represents payments for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of entertainment provided at special events is measured at the actual cost to the Agency. The direct costs of the special events which ultimately benefit the donor rather than the Agency are included in special events revenues and then expensed as costs of direct donor benefits.

Functional Expenses Classifications

The cost of providing program services and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs such as salaries and related costs, occupancy, depreciation, insurance and supplies been allocated among the programs and supporting services benefited. The allocation methods used are based on square footage, full-time equivalents, and other appropriate methods, and are subject to a certain degree of estimation by management.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Agency is exempt from federal and Arizona income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, there is no provision for federal or state corporate income taxes. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC.

Management believes that the Agency has no uncertain tax positions as of June 30, 2023.

Adoption of Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842).* This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Agency adopted the requirement of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. There was no impact on the Agency's financial position and change in net assets as a result of the adoption of this accounting standard.

The Agency has elected to adopt the package of practical expedients available in the year of adoption. The Agency has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Agency's ROU assets.

Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

Subsequent Events

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through January 11, 2024, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Agency strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Agency's financial assets, available for general expenditure within one year of the statement of financial position date:

Financial Assets at Year-End:	
Cash and Cash Equivalents	$ 1,508,644
Grants and Contributions Receivable	344,961
Certificate of Deposit	2,000,000
Investments	918,503
Due from Related Parties	16,491
Cash Held for Endowment Funds	100,000
Total Financial Assets	4,888,599
Less: Amounts not Available to be Used Within One Year:	
Restricted Funds for Time and Purpose	(276,047)
Investments for Endowment	(100,000)
Financial Assets Available to Meet General Expenditures Within One Year	$ 4,512,552

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are stated as the amount management expects to collect. All receivables are due within one year. There was no allowance for uncollectible accounts as of June 30, 2023. Two contributors make up 49% of the total grants and contributions receivable balance as of June 30, 2023.

NOTE 4 FAIR VALUE MEASUREMENTS

The Agency accounts for its investments at fair value. Accounting standards describe three levels of inputs that may be used to measure fair value, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Agency can assess at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

At June 30, 2023, all investments were classified within Level 3 because they are comprised of pool funds.

The following tables set forth, by level, within the fair value hierarchy, certain assets, and liabilities measured at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Assets Not Valued at Fair Value	Total
Pooled Investments	$ -	$ -	$ 918,503	$ -	$ 918,503
CD's	-	-	-	2,000,000	2,000,000
Total Investments	$ -	$ -	$ 918,503	$ 2,000,000	$ 2,918,503

There were no purchases, sales, transfers in and transfers out of Level 3 investments during year ended June 30, 2023.

The following table describes the valuation techniques used to calculate fair value for assets in Level 3.

Quantitative Information About Level 3 Fair Value Measurements

Type of Assets	Fair Value at June 30, 2023	Principal Valuation Technique	Unobservable Inputs
Investments	$ 918,503	Percentage Ownership	Value of Underlying Assets
Total	$ 918,503		

NOTE 5 PROPERTY AND EQUIPMENT

At June 30, 2023, property and equipment were as follows:

Land and Land Improvements	$ 648,459
Building and Building Improvements	1,215,309
Equipment	339,556
Vehicles	25,965
Total	2,229,289
Less: Accumulated Depreciation	(295,606)
Property and Equipment, Net of Accumulated Depreciation	$ 1,933,683

Depreciation and amortization charged to operations was $127,689 for the year ended June 30, 2023.

NOTE 6 LEASE

The Agency leases equipment under a long-term, noncancelable finance lease agreement. The lease expires in December 2026.

The following tables provides quantitative information concerning the Agency's lease.

Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets (included in Depreciation)	$ 3,347
Interest on Lease Liabilities	383
Total Lease Cost	$ 3,730

Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Financing Leases	$ 383
Financing Cash Flows from Financing Leases	$ 2,584
Weighted-Average Reamining Leases Term - Financing Leases	3.5 Years
Weighted-Average Discount Rate - Financing Leases	2.88%

NOTE 6 LEASE (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

Year Ending June 30,	Finance Lease
2024	$ 3,564
2025	3,564
2026	3,564
2027	1,127
Total Lease Payments	11,819
Less: Imputed Interest	(593)
Present Value of Lease Liabilities	$ 11,226

NOTE 7 NOTES PAYABLE

On December 13, 2021, the Agency entered into a note payable with a financial institution totaling $1,200,000. The note bears interest at 3.93%, requires principal payments in equal monthly installments of $6,338, and matures on January 1, 2032 The remaining principal payments subsequent to June 30, 2023 are as follows:

Year Ending June 30,	Amount
2024	$ 30,343
2025	31,700
2026	32,987
2027	34,325
2028	35,607
Thereafter	992,971
Total	$ 1,157,933

The note is secured by the Agency's building and the loan is subject to various financial and nonfinancial covenants.

NOTE 8 NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods as of June 30, 2023:

Subject to Expenditure for Specified Purpose:	
Programs	$ 269,698
Scholarships	6,349
Total	276,047
Endowment:	
Not Subject to Spending Policy or Appropriation:	
Investments in Perpetuity (Including Original Gift Amounts of $100,000) Which, Once Appropriated, are Expendable to Support:	
Future Operations	100,000
Total	100,000
Total Net Assets With Donor Restrictions	$ 376,047

Net assets were released from donor restrictions by incurring expense satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as following for the year ended June 30, 2023.

Satisfaction of Purpose Restrictions:	
Programs	$ 714,883

NOTE 9 ENDOWMENT

The Agency's endowment consists of a fund established to support the general purposes of the Agency. Its endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Agency has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Agency classifies as donor-restricted net assets:

- The original value of gifts donated to the donor-restricted endowment
- The original value of subsequent gifts to the donor-restricted endowment
- The accumulated earnings on the donor-restricted endowment funds remain treated as donor restricted net assets until those amounts are appropriated for expenditure by the Agency's board in a manner consistent with the standards of prudence prescribed by SPMIFA.

NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with SPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Agency and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Agency.
7. The investment policies of the Agency.

Return Objectives and Risk Parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in an interest-bearing savings account.

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 100,000	$ 100,000
Total	$ -	$ 100,000	$ 100,000

Changes in endowment net assets for the fiscal year ended June 30, 2023:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 100,000	$ 100,000
Endowment Funds - End of Year	$ -	$ 100,000	$ 100,000

NOTE 10 SPECIAL EVENTS REVENUE

Special events revenue is comprised of the following for the year ended June 30, 2023:

Annual Fundraising Gala	$ 645,486
FORE the Kids	87,479
Paul's Car Wash	98,508
Other Events	108,662
Total	$ 940,135

NOTE 11 IN-KIND CONTRIBUTIONS

The Agency received the following in-kind contributions for the year ended June 30, 2023:

Donated Tickets	$ 52,359
Special Event	251,546
Professional Services	10,311
Other	5,671
Total	$ 319,887

Program related in-kind consist of donated tickets and gift certificates to be distributed to kids. The Agency estimates the fair value of the program related in-kinds on the basis of estimates of the current market rates for similar travel, goods and other services in the Agency's market.

Special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items. The Agency estimates the fair value of these donated items based on the current market rates for similar items in the Agency's market. The Agency receives also items to be sold at its special events. Contributed items sold are valued at the gross selling price received and the value is included in special event revenue on the statement of activities. The amount of contributed items received and sold during the year ended June 30, 2023 totaled $10,883

NOTE 12 RELATED PARTY TRANSACTIONS

The Agency received support from the Association of $1,756,000 and $42,000 of rental income during the year ended June 30, 2023. In addition, the Association reimbursed the Agency for expenses of $133,774 during the year ended June 30, 2023.

The Agency received support from Big Brothers Big Sisters of America of $187,377 during the year ended June 30, 2023. As of June 30, 2023, the amount due from Big Brothers Big Sisters of America was $16,491 and is included in Due from Related Parties on the statement of financial position.

The Agency purchases medical insurance through a board member owned company. During the year ended June 30, 2023, a total of $240,272 was paid and expensed for insurance premiums.

During the year ended June 30, 2023 the Agency received cash and in-kind contributions from board members totaling $81,064.

NOTE 13 RETIREMENT PLAN

The Agency maintains a defined contribution retirement plan (the Plan) for its employees established under IRC Section 403(b). The Plan covers essentially all management and exempt employees, exclusive of those employees who have elected not to participate. The Agency makes contributions to the Plan at the discretion of the board of directors. The Agency contributions to the Plan approximated $20,000 for the year ended June 30, 2023.

NOTE 14 CONTINGENCY

The Agency participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Agency's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Agency's management expects such amounts, if any, to be immaterial.

NOTE 15 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash and cash equivalents. Cash is placed with high quality financial institutions; however, at times these cash balances exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Investments in mutual funds are not insured by the FDIC.

Two sources accounted for $2,200,000 or 49% of total public support. Should these contribution levels decrease, the Agency may be adversely affected.

NOTE 16 EMPLOYEE RETENTION CREDITS

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended June 30, 2022, the Agency applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Agency recognized $175,135 of grant revenue related to performance requirements being met in compliance with the program during the year ended June 30, 2023.

Eligibility and conditions for the ERC program may be audited by the Internal Revenue Service. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Agency's financial position.

NOTE 17 RESTATEMENT

During the year ended June 30, 2023, management discovered errors related to the year ended June 30, 2022. During the year ended June 30, 2022, the Agency incurred $128,170 of federal expenditures that were not properly recognized as revenue and not recorded as grants and contributions receivable at June 30, 2022. In addition, the Agency did not properly correct the employee retention credit revenue that were already recognized as revenue a previous year. As a result of the errors, the June 30, 2022 financial statements have been restated to increase grants and contributions receivable and grant and contract revenue by $128,170, reduce accrued expenses and increase other revenue by $99,942 and increase net assets by $228,112.