

Financial Statements



December 31, 2023

Contents

Big Brothers Big Sisters of Bath/Brunswick

December 31, 2023

Financial Statements:

Independent Auditors’ Report 1
Statement of Financial Position 4
Statement of Activities 5
Statement of Functional Expenses 6
Statement of Cash Flows 7
Notes to Financial Statements 8

Independent Auditors' Report

**To the Board of Directors
Big Brothers Big Sisters of Bath/Brunswick
Brunswick, Maine**

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Bath/Brunswick (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 Bath/Brunswick as of December 31, 2023, and the changes in 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. 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 Bath/Brunswick 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Bath/Brunswick's ability to continue as a going concern within one year after the date that 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 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 Bath/Brunswick'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 Bath/Brunswick'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Purdy Powers & Company
Professional Association

**Portland, Maine
July 15, 2024**

Statement of Financial Position

Big Brothers Big Sisters of Bath/Brunswick

As of December 31, 2023

(with comparative totals for December 31, 2022)

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 129,408	\$ 184,377
Investments	179,762	116,491
Accounts receivable	12,345	12,452
Prepaid expenses	11,172	5,528
Land held for sale	330,000	-
Total Current Assets	<u>662,687</u>	<u>318,848</u>
Property and Equipment		
Office equipment	8,133	8,133
Less: accumulated depreciation	<u>6,162</u>	<u>5,102</u>
	<u>1,971</u>	<u>3,031</u>
Total Assets	<u>\$ 664,658</u>	<u>\$ 321,879</u>
Current Liabilities		
Accounts payable	\$ 1,164	\$ 5,651
Accrued expenses	<u>7,223</u>	<u>5,564</u>
Total Current Liabilities	8,387	11,215
Net Assets		
Without donor restrictions	316,305	305,308
With donor restrictions	<u>339,966</u>	<u>5,356</u>
Total Net Assets	<u>656,271</u>	<u>310,664</u>
Total Liabilities and Net Assets	<u>\$ 664,658</u>	<u>\$ 321,879</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Big Brothers Big Sisters of Bath/Brunswick

For the Year Ended December 31, 2023
(with comparative totals for December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions:				
Monetary	\$ 161,930	\$ -	\$ 161,930	\$ 181,586
Special events	87,674	-	87,674	108,403
Grants	34,972	10,000	44,972	46,350
Interest and dividend income	7,094	-	7,094	960
Contributed nonfinancial assets	39,726	330,000	369,726	41,365
Net assets released from restrictions	5,390	(5,390)	-	-
Total Revenues and Other Support	336,786	334,610	671,396	378,664
Expenses				
Program services	225,052	-	225,052	145,464
Management and general	64,310	-	64,310	69,037
Fundraising	45,589	-	45,589	43,383
Total Expenses	334,951	-	334,951	257,884
Revenues Over Expenses	1,835	334,610	336,445	120,780
Other Income				
Employee Retention Tax Credit	-	-	-	22,372
Investment gains (losses)	9,162	-	9,162	(5,261)
Total Other Income	9,162	-	9,162	17,111
Increase in Net Assets	10,997	334,610	345,607	137,891
Net assets at beginning of year	305,308	5,356	310,664	172,773
Net Assets at End of Year	\$ 316,305	\$ 339,966	\$ 656,271	\$ 310,664

See accompanying independent auditors' report and notes to financial statements.
Certain amounts have been reclassified for comparative purposes.

Statement of Functional Expenses

Big Brothers Big Sisters of Bath/Brunswick

For the Year Ended December 31, 2023
(with comparative totals for December 31, 2022)

	2023				2022
	Program	Management & General	Fundraising	Total	Total
Expenses					
Compensation and benefits	\$ 159,743	\$ 42,990	\$ 33,685	\$ 236,418	\$ 177,711
Rent and utilities expense	19,795	5,290	3,842	28,927	29,010
Insurance	5,171	2,888	-	8,059	7,281
National and local dues	6,494	585	1,138	8,217	6,984
Maintenance and equipment	586	230	113	929	1,954
Travel	2,936	-	186	3,122	645
Depreciation	697	210	153	1,060	1,100
Postage and newsletter	1,356	409	2,389	4,154	3,495
Professional expenses	4,198	10,414	297	14,909	15,593
Supplies	4,373	503	656	5,532	2,599
Subscriptions	3,633	-	-	3,633	3,288
Background checks	3,939	-	-	3,939	1,861
Miscellaneous	12,131	791	3,130	16,052	6,363
Total Expenses	<u>\$ 225,052</u>	<u>\$ 64,310</u>	<u>\$ 45,589</u>	<u>\$ 334,951</u>	<u>\$ 257,884</u>

See accompanying independent auditors' report and notes to financial statements.
Certain amounts have been reclassified for comparative purposes.

Statement of Cash Flows

Big Brothers Big Sisters of Bath/Brunswick

For the Year Ended December 31, 2023
(with comparative totals for December 31, 2022)

	<u>2023</u>	<u>2022</u>
Operating Activities		
Increase in net assets	\$ 345,607	\$ 137,891
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	1,060	1,100
(Gain) loss on investments	(9,162)	5,261
Donated stock	(10,243)	(12,227)
Noncash contribution of land	(330,000)	-
(Increase) decrease in operating assets:		
Accounts receivable	107	(11,302)
Prepaid expenses	(5,644)	(4,479)
Increase (decrease) in operating liabilities:		
Accounts payable	(4,487)	3,240
Accrued expenses	1,659	1,693
Net Cash Provided (Used) by Operating Activities	<u>(11,103)</u>	<u>121,177</u>
Investing Activities		
Purchase of investments	(49,794)	(103,243)
Purchase of property and equipment	-	(1,264)
Sale of investments	5,928	20,534
Net Cash Used by Investing Activities	<u>(43,866)</u>	<u>(83,973)</u>
Increase (Decrease) in Cash	(54,969)	37,204
Cash at beginning of year	<u>184,377</u>	<u>147,173</u>
Cash at End of Year	<u>\$ 129,408</u>	<u>\$ 184,377</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note A - Summary of Significant Accounting Policies

Nature of Activities

Big Brothers Big Sisters of Bath/Brunswick (the Organization) is a nonprofit organization located in Brunswick, Maine for the purpose of making a positive difference in the lives of children residing in the greater Bath/Brunswick communities and the Sagadahoc County area, primarily through professionally supported one-to-one relationships with caring adults who assist them in attaining their highest potential. The Organization is an affiliate of Big Brothers Big Sisters of America.

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Organization's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributed Nonfinancial Assets

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which typically would be purchased if not provided by donation. Donated land and materials are recorded at the fair value at the date of the gift. During the year, materials and professional services were donated to the Organization. The value of materials and professional services was \$16,426. Rent was paid at a discount during the year. The fair market value of rent over the amount paid by the Organization during the year was \$23,300. During the year, the Organization received donated land to be held for resale. The land held for resale was valued at \$330,000, which was its selling price subsequent to December 31, 2023.

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

In accordance with ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

In Management's judgement, any revenue received subject to ASC 606 during the year ended December 31, 2023 is insignificant to the financial statements.

Estimates

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

Cash and Cash Equivalents

The Organization considers cash in banks and all other highly liquid investments with a maturity of less than three months, other than amounts included with investments, to be cash and cash equivalents for the purpose of the statement of cash flows. The Organization maintains its cash and cash equivalents in bank deposit accounts, and at times balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Investments

The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets, in the accompanying statement of activities.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over appropriate estimated useful lives.

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note A - Summary of Significant Accounting Policies - Continued

Property and Equipment - Continued

Repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized. Depreciation expense for the year ended December 31, 2023 was \$1,060.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Organization. Those expenses include compensation, payroll taxes and benefits, occupancy, maintenance and equipment, and depreciation. Compensation, payroll taxes and benefits are allocated based on estimates of time and effort, certain costs of occupancy, maintenance and equipment, and depreciation and other office and utility expenses are based on management's estimate of the appropriate allocations for each expense.

Comparative Data

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

New Accounting Pronouncement

On January 1, 2023, the Organization adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including trade accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

Management evaluated the impact of the new standard and determined there was no material impact on the financial statements and resulted in new and enhanced disclosures only.

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note B - Investments

Investments are stated at fair value as of December 31, 2023 as follows:

Money market	\$	95,682
Equities		55,305
Fixed income		20,981
International		7,794
		<u>179,762</u>

Investment income is summarized as follows:

Interest and dividend income	\$	7,094
Net realized and unrealized gains		9,162
Total investment gain		<u>16,256</u>

Note C - Fair Value Measurements

The Organization applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note C - Fair Value Measurements - Continued

The following summarizes fair values of investment assets by levels within the fair value hierarchy at December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 95,682	\$ -	\$ -	\$ 95,682
Equities	55,305	-	-	55,305
Fixed income	20,981	-	-	20,981
International	<u>7,794</u>	<u>-</u>	<u>-</u>	<u>7,794</u>
	<u>\$ 179,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,762</u>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment based on the lowest level of input that is significant to the fair value measurement. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Note D - Land Held for Sale

At December 31, 2023, a parcel of land is being held for resale by the Organization. The property was donated to the Organization during the year and was sold subsequent to year end for \$330,000. The land is classified as a current asset on the accompanying statement of financial position at December 31, 2023.

Note E - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023:

Subject to expenditure for specified purpose:

Volunteer recruitment	\$ 190
Outdoor gear for Littles	5,090
Program supplies	686
Exposing children to the arts	4,000
Land	<u>330,000</u>
Total net assets with donor restrictions	<u>\$ 339,966</u>

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note F - Liquidity and Availability

Financial assets consist of the Organization's cash, accounts receivable and investments. The following reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position. Funds included below that are listed as 'restricted by donor with purpose restrictions' exclude \$330,000 related to the land donation to be held for resale, as this did not meet the definition of financial assets.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at December 31, 2023:

Financial assets, at year-end	\$ 321,515
Less those unavailable for general expenditures within one year, due to:	
<i>Contractual or donor-imposed restrictions:</i>	
Restricted by donor with purpose restrictions	<u>(9,966)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 311,549</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2024.

The Organization is substantially supported by contributions from donations solicited and contributions received. The Organization actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due.

Note G - Contributed Nonfinancial Assets

For the year ended December 31, 2023, contributed nonfinancial assets recognized within the statement of activities included:

Rent	\$ 23,300
Gift cards	1,725
Land	330,000
Services	7,307
Other	<u>7,394</u>
	<u>\$ 369,726</u>

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note H - Income Taxes

The Organization qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2020 due to statute of limitations. The Organization has adopted the provisions of FASB ASC, Income Taxes. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Note I - Retirement Plan

The Organization offers a SIMPLE retirement plan with a 3% match open to all eligible employees. Match expense for December 31, 2023, amounted to \$4,489.

Note J - Related Party Transactions

The Organization is an independent 501(c)(3) affiliate of Big Brothers Big Sisters of America. During the year ended December 31, 2023, the Organization paid affiliate fees of \$5,918 and technology fees for software usage of \$3,633 to the national organization.

Note K - Subsequent Events

Subsequent to year end, the Organization sold the parcel of land that was being held for resale for \$330,000.

Management has made an evaluation of subsequent events up to and including July 15, 2024, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.