

**BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NORTH CHARLESTON, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Brothers Big Sisters of the Lowcountry
North Charleston, South Carolina

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of the Lowcountry (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of the Lowcountry as of June 30, 2024 and 2023, and the changes in 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 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 the Lowcountry 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 the Lowcountry'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 the Lowcountry'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 the Lowcountry'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.

Glaser and Company, LLC

Charleston, South Carolina
October 11, 2024

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 138,964	\$ 122,500
Cash and cash equivalents, reserves	222,879	386,166
Unconditional promises to give, current	52,030	47,221
Prepaid assets	43,940	49,943
Total current assets	<u>457,813</u>	<u>605,830</u>
<u>Non-current Assets</u>		
Investments, board-designated endowment	271,557	101,957
Unconditional promises to give, net, net of current portion	36,728	3,184
Deposits	5,000	7,238
Property, plant and equipment, net	-	105
Operating lease right-of-use asset	240,426	-
Total non-current assets	<u>553,711</u>	<u>112,484</u>
Total assets	<u>\$ 1,011,524</u>	<u>\$ 718,314</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued liabilities	\$ 7,067	\$ 6,086
Operating lease liabilities, current portion	48,774	-
Total current assets	<u>55,841</u>	<u>6,086</u>
<u>Noncurrent Liabilities</u>		
Operating lease liabilities, long-term portion	<u>194,044</u>	<u>-</u>
Total liabilities	<u>249,885</u>	<u>6,086</u>
<u>Net Assets</u>		
Net assets without donor restrictions		
Undesignated	184,683	168,244
Board designated operating reserves	222,879	386,166
Board designated endowment	271,557	101,957
Total net assets without donor restrictions	<u>679,119</u>	<u>656,367</u>
Net assets with donor restrictions	<u>82,520</u>	<u>55,861</u>
Total net assets	<u>761,639</u>	<u>712,228</u>
Total liabilities and net assets	<u>\$ 1,011,524</u>	<u>\$ 718,314</u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Contributions and grants	\$ 651,951	\$ 82,520	\$ 734,471
Fundraising events, net of \$48,238 of expenses	74,750	-	74,750
Interest	19,653	-	19,653
Investment return, net	16,660	-	16,660
Miscellaneous	1,500	-	1,500
	<u>764,514</u>	<u>82,520</u>	<u>847,034</u>
Total Support and Revenues	<u>764,514</u>	<u>82,520</u>	<u>847,034</u>
Net assets released from restriction	<u>55,861</u>	<u>(55,861)</u>	<u>-</u>
Total support and revenues and net assets released from restriction	<u>820,375</u>	<u>26,659</u>	<u>847,034</u>
<u>Functional Expenses</u>			
Program services:	589,440	-	589,440
Supporting services:			
Management and general	48,997	-	48,997
Fundraising	159,186	-	159,186
	<u>797,623</u>	<u>-</u>	<u>797,623</u>
Total functional expenses	<u>797,623</u>	<u>-</u>	<u>797,623</u>
Increase in net assets	22,752	26,659	49,411
Net assets, beginning of year	<u>656,367</u>	<u>55,861</u>	<u>712,228</u>
Net assets, end of year	<u><u>\$ 679,119</u></u>	<u><u>\$ 82,520</u></u>	<u><u>\$ 761,639</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Contributions and grants	\$ 686,916	\$ 9,465	\$ 696,381
Fundraising events, net of \$46,587 of expenses	77,706	-	77,706
Interest	9,986	-	9,986
Investment return, net	1,503	-	1,503
Miscellaneous	7,502	-	7,502
	<u>783,613</u>	<u>9,465</u>	<u>793,078</u>
Total Support and Revenues	<u>783,613</u>	<u>9,465</u>	<u>793,078</u>
Net assets released from restriction	<u>78,047</u>	<u>(78,047)</u>	<u>-</u>
Total support and revenues and net assets released from restriction	<u>861,660</u>	<u>(68,582)</u>	<u>793,078</u>
<u>Functional Expenses</u>			
Program services:	522,599	-	522,599
Supporting services:			
Management and general	49,034	-	49,034
Fundraising	105,502	-	105,502
	<u>677,135</u>	<u>-</u>	<u>677,135</u>
Total functional expenses	<u>677,135</u>	<u>-</u>	<u>677,135</u>
Increase (decrease) in net assets	184,525	(68,582)	115,943
Net assets, beginning of year	<u>471,842</u>	<u>124,443</u>	<u>596,285</u>
Net assets, end of year	<u><u>\$ 656,367</u></u>	<u><u>\$ 55,861</u></u>	<u><u>\$ 712,228</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising	Total
Payroll	\$ 366,225	\$ 11,217	\$ 73,743	\$ 451,185
Payroll taxes	28,838	858	5,641	35,337
Benefits	25,578	626	5,120	31,324
	<u>420,641</u>	<u>12,701</u>	<u>84,504</u>	<u>517,846</u>
Accounting fees	-	19,000	-	19,000
Advertising and marketing	6,722	-	-	6,722
Background checks	1,280	-	-	1,280
Contract labor	10,332	-	48,241	58,573
Office expense and supplies	11,837	172	2,981	14,990
Telephone and connectivity	6,740	1,331	99	8,170
Information technology	12,524	150	5,404	18,078
Local travel	536	-	1,222	1,758
Training, seminars and conventions	7,246	-	342	7,588
Rent and utilities	42,229	610	8,230	51,069
Bank and card processing fees	-	585	7,907	8,492
Insurance	20,524	2,280	-	22,804
Bad debts	-	3,552	-	3,552
Depreciation	105	-	-	105
Training and staff building	3,556	222	202	3,980
National BBBS dues	15,478	1,720	-	17,198
Recruitment	18,149	6,000	-	24,149
Miscellaneous	11,541	674	54	12,269
	<u>589,440</u>	<u>48,997</u>	<u>159,186</u>	<u>797,623</u>
Total expenses	<u>\$ 589,440</u>	<u>\$ 48,997</u>	<u>\$ 159,186</u>	<u>\$ 797,623</u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Total
Payroll	\$ 326,490	\$ 13,280	\$ 50,404	\$ 390,174
Payroll taxes	28,697	1,167	4,430	34,294
Benefits	27,872	1,134	4,303	33,309
	<u>383,059</u>	<u>15,581</u>	<u>59,137</u>	<u>457,777</u>
Accounting fees	-	11,500	-	11,500
Advertising and marketing	3,737	-	-	3,737
Background checks	962	-	-	962
Contract labor	29,634	-	31,500	61,134
Office expense and supplies	2,854	389	1,027	4,270
Telephone and connectivity	5,832	133	662	6,627
Information technology	9,904	225	5,036	15,165
Local travel	1,858	-	272	2,130
Training, seminars and conventions	18,975	431	2,776	22,182
Rent and utilities	27,477	624	3,123	31,224
Bank and card processing fees	-	13,679	-	13,679
Insurance	21,426	2,037	446	23,909
Bad debts	-	4,000	-	4,000
Depreciation	218	41	71	330
Training and staff building	1,617	37	183	1,837
National BBBS dues	10,048	228	1,142	11,418
Miscellaneous	4,998	129	127	5,254
	<u>522,599</u>	<u>49,034</u>	<u>105,502</u>	<u>677,135</u>
Total expenses	<u>\$ 522,599</u>	<u>\$ 49,034</u>	<u>\$ 105,502</u>	<u>\$ 677,135</u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Flows from Operating Activities:</u>		
Increase in net assets	\$ 49,411	\$ 115,943
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Amortization of discount on unconditional promises to give	2,816	(92)
Amortization of right of use asset	2,392	-
Depreciation expense	105	330
Net realized and unrealized gain on investments	(18,299)	-
(Increase) decrease in assets:		
Unconditional promises to give	(41,169)	40,582
Prepaid expenses	6,003	(26,677)
Security deposit	2,238	(5,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	981	(39)
Net cash provided by operating activities	<u>4,478</u>	<u>121,539</u>
<u>Cash Flows from Investing Activities:</u>		
Sale of investments	2,845	-
Purchase of investments	<u>(154,146)</u>	<u>(101,957)</u>
Net cash used for investing activities	<u>(151,301)</u>	<u>(101,957)</u>
Net (decrease) increase in cash and cash equivalents	(146,823)	19,582
Cash and cash equivalents, beginning of year	<u>508,666</u>	<u>489,084</u>
Cash and cash equivalents, end of year	<u><u>\$ 361,843</u></u>	<u><u>\$ 508,666</u></u>
<u>Summary of Cash and Cash Equivalents</u>		
Cash and cash equivalents	\$ 138,964	\$ 122,500
Cash and cash equivalents, reserves	<u>222,879</u>	<u>386,199</u>
	<u><u>\$ 361,843</u></u>	<u><u>\$ 508,699</u></u>
<u>Supplemental cash flow information:</u>		
Right-of-use asset acquired under operating lease	<u><u>\$ 273,319</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Big Brothers Big Sisters of the Lowcountry (the “Organization”) is an affiliate of Big Brothers Big Sisters of America. The Organization was incorporated on February 8, 2019 under the laws of South Carolina as a nonprofit organization and started operations in 2019. The Organization serves Berkeley, Charleston and Dorchester Counties of South Carolina. Prior to gaining independence, the Organization’s program was part of the Carolina Youth Development Center, a separate legal entity.

Big Brothers Big Sisters of the Lowcountry believes that inherent in every child is incredible potential. The Organization creates and supports meaningful matches between adult volunteers “Bigs” and children “Littles”, ages 7 through young adulthood throughout our Tri-county region. The Organization develops positive relationships that have a direct and lasting effect on the lives of young people.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

In accordance with ASC 958-205, *Presentation of Financial Statements*, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions; however, donor-restricted contributions that are received and expended in the same year are classified as without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets, (that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed), are reported as reclassifications between the applicable classes of net assets.

Net Assts With Donor Restrictions

Net assets subject to donor-imposed restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Use of Estimates

The preparation of financial statements requires management to make 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. The preparation of financial statements also requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allocation of expenses by function. It is at least reasonably possible that the estimates used will change within the near term.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property, Plant and Equipment

Property, plant and equipment are carried at cost when purchased or, if contributed, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of three years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property, plant and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Contributions, Promises to Give, and Grants Receivables

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Unconditional promises to give and grants 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 average discount rates used for the years ended June 30, 2024 and 2023 was 4.36% to 4.40%. Amortization of the discount is presented with contribution revenues.

The Organization uses the allowance method to account for uncollectible amounts based on management's estimate of the collectability of the amount receivable. Management does not accrue interest or finance charges on overdue balances. Receivables are considered impaired if payments are not received in accordance with the terms of the receivable. It is the Organization's policy to charge off uncollectible amounts when management determines the receivable will not be collected. Due to the nature and sources of grants receivable and unconditional promises to give, the Organization has not recorded an allowance for doubtful accounts in accordance with the assessment that such receivables are fully collectible.

Contributions and grants received are recorded as with and without donor-imposed restrictions, depending on the existence and/or nature of those restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor-imposed restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-imposed restricted contributions are reported as increases in donor-imposed restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets are reclassified to net assets without donor-imposed restrictions.

Gifts of land, buildings, and equipment are presented as without donor-imposed restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations concerning the length of time those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Expenses

Salaries and related expenses are allocated based on job descriptions, time and effort, and best estimates of management. Expenses other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated on the best estimates of management including allocations based on salaries, FTE or other direct costs.

Advertising

Advertising and marketing costs are expensed as incurred.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified by the IRS as other than a private foundation under Section 509(a)(1) and, therefore, is exempt from federal and state income taxes.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The Organization has adopted Financial Accounting Standards Board (“FASB”) guidance related to accounting for uncertainty in income taxes which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization’s financial statements. The interpretation also provides guidance on derecognition classification, interest and penalties, disclosure, and transition.

Leases

Management reviews contracts to identify leases and properly classify leases as either operating or financing. Operating right-of-use (ROU) liabilities are recognized based on the net present value of lease payments over the lease term at the commencement date of the lease, and are reduced by payments made on each lease on the straight-line basis. Since most of the leases do not provide an implicit rate of return, the Organization uses its incremental borrowing rate based on information available at the commencement date of the lease in determining the present value of lease payments. Therefore, the Organization generally uses its incremental borrowing rate as the discount rate for the lease. The Organization’s incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments using similar terms.

If a lease contains a renewal option at the commencement date and management considers it reasonably certain that the option will be exercised to renew the lease, the renewal option payments are included in the determination of the ROU assets and lease liabilities. Leases with an initial term of 12 months or less are not recorded on the statements of financial position; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Unconditional promises to give	92,030	\$ 50,861
Less: Unamortized discount	<u>(3,272)</u>	<u>(456)</u>
Unconditional promises to give, net	<u>\$ 88,758</u>	<u>\$ 50,405</u>

Gross amounts of unconditional promises to be collected in future years is as follows at June 30, 2024:

2025	\$ 52,030
2026	40,000
Thereafter	<u>-</u>
	<u>\$ 92,030</u>

3. FAIR VALUE MEASUREMENTS

The Organization's investments are stated at fair market value. Fair market value is defined 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, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

3. FAIR VALUE MEASUREMENTS - continued

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30:

2024				
	Level 1	Level 2	Level 3	Total
Cash reserves	\$ 2,217	\$ -	-	\$ 2,217
Mutual funds	269,340	-	-	269,340
	<u>\$ 271,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,557</u>
2023				
	Level 1	Level 2	Level 3	Total
Cash reserves	\$ 1,551	\$ -	-	\$ 1,551
Mutual funds	100,406	-	-	100,406
	<u>\$ 101,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,957</u>

4. INVESTMENTS

The Organization's investments are comprised as follows at June 30:

2024			
	Cost	Fair Value	Unrealized Appreciation
Cash reserves	\$ 2,217	\$ 2,217	\$ -
Mutual funds	250,150	269,340	19,190
	<u>\$ 252,367</u>	<u>\$ 271,557</u>	<u>\$ 19,190</u>

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

4. INVESTMENTS - continued

	2023		
	Cost	Fair Value	Unrealized Appreciation
Cash reserves	\$ 1,551	\$ 1,551	\$ -
Mutual funds	98,839	100,406	1,567
	<u>\$ 100,390</u>	<u>\$ 101,957</u>	<u>\$ 1,567</u>

Investment return for the years ended June 30 is as follows:

	2024	2023
Unrealized gains (losses), net	\$ 18,299	\$ 1,567
Advisory fees	(1,639)	(64)
Investment returns, net	<u>\$ 16,660</u>	<u>\$ 1,503</u>

5. LINE OF CREDIT

On July 17, 2020, the Organization signed a \$85,000 line of credit with Synovus Bank. The revolving line of credit was increased to \$150,000, extended and matures on May 11, 2025. The line of credit bears interest at prime plus 1.0%. The Organization has not drawn on the line of credit.

6. CONCENTRATIONS

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments in marketable securities. Cash and cash equivalents are maintained at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. Investments and cash reserves are insured by the Securities Investors Protection Corporation for cash balances up to \$250,000 and investment balances up to \$500,000. The Organization had \$0 in uninsured reserve cash balances as of June 30, 2024. The Organization invests in a variety of investments which are subject to fluctuations in market values and expose the Organization to a certain degree of interest and credit risk which is not insured.

7. COMPENSATED ABSCENCES

Full time employees of the Organization are granted vacation benefits depending on length of service with the Organization. The Organization does not accrue earned but unused vacation at the end of the year. Management deems any difference between this method and that recommended by accounting principles generally accepted in the United States of America to be immaterial to the financial statements as a whole.

8. BOARD DESIGNATED ENDOWMENT

During 2024, the Organization created BIG Dreams Endowment to provide a responsible way to grow the Organization's assets and ultimately provide a predictable and stable stream of revenue to further the Organization's capacity building, innovation, new initiatives, and/or growth. The board-designated endowment provides vehicles for potential donors seeking to ensure the BBBSL mission thrives long-term while also ensuring their personal philanthropic legacy. The Organization has not taken a draw on this endowment.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

8. BOARD DESIGNATED ENDOWMENT - continued

Board designated net assets were comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
BIG Dreams Endowment	\$ 271,557	\$ 101,957
Total board designated endowment	<u>\$ 271,557</u>	<u>\$ 101,957</u>

Board-designated endowment activity for the years ended June 30 was as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 101,957	\$ -
Transfer of reserves	150,000	100,000
Investment return	21,089	2,021
Investment expenses	<u>(1,489)</u>	<u>(64)</u>
Board-designed endowment end of year	<u>\$ 271,557</u>	<u>\$ 101,957</u>

9. NET ASSETS WITH RESTRICTIONS AND DESIGNATIONS

Net assets with restrictions as of June 30 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Subject to passage of time:		
Future Year General Support	\$ 82,520	\$ 55,861
Subject to board designation:		
Operating reserve	222,879	386,166
BIG Dreams Endowment	<u>271,557</u>	<u>101,957</u>
	<u>\$ 576,956</u>	<u>\$ 543,984</u>

10. OPERATING LEASE

On April 15, 2019, the Organization signed a five-year lease agreement for its 1,033 square foot operating and corporate office space. Monthly payments of \$2,444 were required under the terms of the lease. Lease payments increased 4.5% annually. The Organization had a one-time right to terminate the lease following the third year of the term provided 180 days' notice is provided. On June 9, 2020 and November 11, 2021, the Organization signed a first and second amendment, respectively, to the lease agreement for its operating and corporate office space. The amendment recognized the deferral of 50% of the rent payments due for July 2020, August 2020 and September 2020 totalling \$3,508 shall be added to the final three months of the lease, unless terminated earlier, and changed the maturity date of the lease to April 30, 2024. On December 14, 2023, the Organization signed a third amendment that extended the lease through June 30, 2024. Monthly rent was adjusted to \$2,669 per month.

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

10. OPERATING LEASE - continued

On June 19, 2024, the Organization signed a five-year lease agreement for its 2,245 square foot new operating and corporate office space. Monthly payments of \$4,842 are required under the terms of the lease. Lease payments increase 3.0% annually and the lease matures after five years once commenced. The lease commencement date was November 1, 2023. The lease required a \$5,000 security deposit which is included in deposits, at June 30, 2024 and 2023.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Total right-of-use assets and lease liabilities at June 30:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use asset	\$ 240,426	\$ -
Current portion of operating lease liabilities	\$ 48,774	\$ -
Long-term operating lease liabilities	194,044	-
	<u>\$ 242,818</u>	<u>\$ -</u>
Average discount rate for operating leases	4.75%	0%
Average remaining lease term in years	4.3	-

Lease expense under the terms of the leases was \$51,069 and \$31,224 for the years ended June 30, 2024 and 2023, respectively.

Future minimum lease payments under non-cancellable leases as of June 30th were as follows:

2025	\$ 59,264
2026	61,036
2027	62,872
2028	64,756
2029	<u>21,796</u>
Total	269,724
Less: imputed interest	<u>(26,906)</u>
Present value of lease liability	<u>\$ 242,818</u>

BIG BROTHERS BIG SISTERS OF THE LOWCOUNTRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

11. DISCLOSURE OF LIQUIDITY INFORMATION

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date (June 30th). Amounts not available include amounts set aside for long-term investing in board reserves and designations that could be drawn upon if the governing board approves that action.

	<u>2024</u>	<u>2023</u>
Financial assets, at end of year	\$ 722,158	\$ 661,028
Less those unavailable for general expenditure within one year:		
Subject to satisfaction of board-imposed designation	(271,557)	(101,957)
Subject to satisfaction of donor-imposed restriction	<u>(40,000)</u>	<u>(3,640)</u>
Financial assets to meet the cash needs for general expenditures within one year	<u>\$ 410,601</u>	<u>\$ 555,431</u>

12. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Organization's management has evaluated subsequent events at June 30, 2024 through October 11, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.