

**BIG BROTHERS BIG SISTERS  
OF EASTERN MASSACHUSETTS, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**AND**

**SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND REPORTS ON  
COMPLIANCE AND INTERNAL CONTROL  
YEAR ENDED JUNE 30, 2023**

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Big Brothers Big Sisters of Eastern Massachusetts, Inc.  
Boston, Massachusetts

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Big Brothers Big Sisters of Eastern Massachusetts, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 Eastern Massachusetts, Inc. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers Big Sisters of Eastern Massachusetts, Inc. 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.

#### *Adoption of New Accounting Pronouncement*

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this 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 Eastern Massachusetts, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 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 and *Government 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 Eastern Massachusetts, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### ***Report on Summarized Comparative Information***

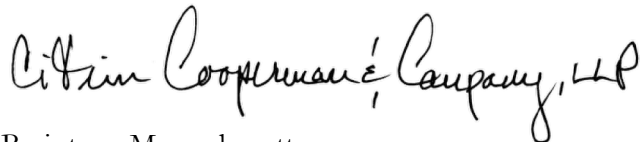
We have previously audited the Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 17, 2022. In our opinion, the summarized comparative information presented herein 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.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control over financial reporting and compliance.



Braintree, Massachusetts  
December 15, 2023

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

**ASSETS**

	<b><u>2023</u></b>	<b><u>2022</u></b>
Current assets:		
Cash and cash equivalents	\$ 3,267,256	\$ 4,274,853
Current portion of contributions receivable, net of allowance	3,442,790	1,556,389
Grants and other receivables	442,000	299,066
Current portion of investments	1,419,182	1,128,602
Prepaid expenses and other current assets	<u>522,686</u>	<u>396,225</u>
Total current assets	<u>9,093,914</u>	<u>7,655,135</u>
Property and equipment, net	<u>191,040</u>	<u>245,079</u>
Other assets:		
Contributions receivable, net of current portion and discount	4,316,890	242,718
Investments, net of current portion	3,373,397	3,212,031
Operating lease right-of-use assets	1,845,031	-
Security deposit	<u>1,600</u>	<u>1,600</u>
Total other assets	<u>9,536,918</u>	<u>3,456,349</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 18,821,872</u></b>	<b><u>\$ 11,356,563</u></b>

See accompanying notes to financial statements.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**LIABILITIES AND NET ASSETS**

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Current portion of finance lease obligations	\$ -	\$ 10,667
Current portion of operating lease liability	395,353	-
Accounts payable	320,859	287,328
Accrued expenses and other current liabilities	300,374	440,284
Deferred revenue	<u>361,141</u>	<u>249,793</u>
Total current liabilities	1,377,727	988,072
Long-term liabilities:		
Finance lease obligations, net of current portion	-	5,927
Operating lease liability, net of current portion	<u>1,469,362</u>	<u>-</u>
Total liabilities	<u>2,847,089</u>	<u>993,999</u>
Net assets:		
Without donor restrictions	8,342,291	7,722,484
With donor restrictions	<u>7,632,492</u>	<u>2,640,080</u>
Total net assets	<u>15,974,783</u>	<u>10,362,564</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 18,821,872</u></b>	<b><u>\$ 11,356,563</u></b>

See accompanying notes to financial statements.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023, (With Comparative Totals for the Year Ended June 30, 2022)**

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and other support:				
Special events	\$ 3,545,822	\$ -	\$ 3,545,822	\$ 3,412,371
Less cost of direct benefit to donor	<u>(1,683,647)</u>	<u>-</u>	<u>(1,683,647)</u>	<u>(925,362)</u>
Net revenues from special events	1,862,175	-	1,862,175	2,487,009
Individuals	1,281,617	6,631,822	7,913,439	1,004,670
Corporations, foundations, government and United Way	1,765,640	25,000	1,790,640	1,445,505
In-kind contributions	83,543	-	83,543	101,985
Interest income	48,111	-	48,111	11,910
Grant income - Paycheck Protection Program loan	-	-	-	506,933
Government assistance income	1,000,000	-	1,000,000	477,000
Net assets released from restrictions	1,791,250	(1,791,250)	-	-
Endowment appropriation	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Total revenues and other support	<u>7,982,336</u>	<u>4,865,572</u>	<u>12,847,908</u>	<u>6,185,012</u>
Expenses:				
Program services	6,155,096	-	6,155,096	5,602,889
General and administrative	391,462	-	391,462	371,450
Fundraising and development	<u>989,414</u>	<u>-</u>	<u>989,414</u>	<u>1,000,694</u>
Total expenses	<u>7,535,972</u>	<u>-</u>	<u>7,535,972</u>	<u>6,975,033</u>
Changes in net assets from operating activities	<u>446,364</u>	<u>4,865,572</u>	<u>5,311,936</u>	<u>(790,021)</u>
Non-operating activity:				
Income from investments, net of fees	44,102	48,223	92,325	87,417
Net realized and unrealized gains (loss) on investments	129,341	228,617	357,958	(709,291)
Endowment appropriation	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>
Changes in net assets from non-operating activity	<u>173,443</u>	<u>126,840</u>	<u>300,283</u>	<u>(771,874)</u>
Changes in net assets	619,807	4,992,412	5,612,219	(1,561,895)
Net assets - beginning	<u>7,722,484</u>	<u>2,640,080</u>	<u>10,362,564</u>	<u>11,924,459</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 8,342,291</u></u>	<u><u>\$ 7,632,492</u></u>	<u><u>\$ 15,974,783</u></u>	<u><u>\$ 10,362,564</u></u>

See accompanying notes to financial statements.



**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023, (With Comparative Totals for the Year Ended June 30, 2022)**

	2023				2022	
	Program Services	Supporting Services			Total	Totals
		General and Administrative	Fundraising and Development	Direct Benefit to Donors		
Payroll	\$ 4,033,498	\$ 227,852	\$ 755,215	\$ 456,196	\$ 5,472,761	\$ 5,228,178
Benefits	567,696	28,061	54,376	57,512	707,645	548,737
Occupancy	451,052	30,702	49,635	-	531,389	487,993
Food, beverage and entertainment	-	-	-	443,759	443,759	156,879
Other direct	-	-	-	425,932	425,932	125,495
Professional fees	283,591	59,260	24,000	-	366,851	417,332
Rent and facility	-	-	-	300,248	300,248	214,167
Bad debt	86,552	-	-	-	86,552	40,000
Advertising and promotion	139,911	1,016	1,642	-	142,569	103,202
Membership/research	114,923	1,251	14,494	-	130,668	109,518
Depreciation	73,671	5,244	8,477	-	87,392	79,544
Insurance	73,237	5,213	8,427	-	86,877	76,365
Travel	63,440	220	12,931	-	76,591	38,043
Telephone	55,597	3,457	8,309	-	67,363	67,729
BBBSA dues	54,683	-	-	-	54,683	55,801
Activity fee	42,130	-	-	-	42,130	34,428
Business meetings	26,744	1,471	7,129	-	35,344	14,837
Miscellaneous	23,684	1,682	2,719	-	28,085	2,824
Equipment rental and maintenance	21,545	1,497	2,420	-	25,462	17,960
Charge card fees	-	24,078	-	-	24,078	21,671
Printing	6,026	13	15,999	-	22,038	22,642
Volunteer stewardship	5,893	61	15,455	-	21,409	12,433
Conferences/training	17,966	116	1,215	-	19,297	2,470
Scholarships and camperships	8,500	-	-	-	8,500	5,000
Office supplies	2,745	145	3,019	-	5,909	8,647
Postage	1,161	62	3,650	-	4,873	4,193
Interest	631	45	73	-	749	2,032
Non-capital equipment	220	16	229	-	465	2,275
	6,155,096	391,462	989,414	1,683,647	9,219,619	7,900,395
Less: expenses included with revenues on the statement of activities	-	-	-	1,683,647	1,683,647	925,362
<b>TOTAL EXPENSES</b>	<b>\$ 6,155,096</b>	<b>\$ 391,462</b>	<b>\$ 989,414</b>	<b>\$ -</b>	<b>\$ 7,535,972</b>	<b>\$ 6,975,033</b>

See accompanying notes to financial statements.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022				
		Supporting Services			
	Program Services	General and Administrative	Fundraising and Development	Direct Benefit to Donors	Total
Payroll	\$ 3,845,664	\$ 218,172	\$ 780,809	\$ 383,533	\$ 5,228,178
Benefits	452,186	16,217	35,046	45,288	548,737
Occupancy	403,570	27,816	56,607	-	487,993
Professional fees	309,955	69,496	37,881	-	417,332
Rent and facility	-	-	-	214,167	214,167
Food, beverage and entertainment	-	-	-	156,879	156,879
Other direct	-	-	-	125,495	125,495
Membership/research	101,073	944	7,501	-	109,518
Advertising and promotion	101,159	673	1,370	-	103,202
Depreciation	65,783	4,534	9,227	-	79,544
Insurance	63,154	4,353	8,858	-	76,365
Telephone	55,943	3,214	8,572	-	67,729
BBBSA dues	55,801	-	-	-	55,801
Bad debt	33,080	2,280	4,640	-	40,000
Travel	30,371	185	7,487	-	38,043
Activity fee	34,428	-	-	-	34,428
Printing	4,012	-	18,630	-	22,642
Charge card fees	-	21,610	61	-	21,671
Equipment rental and maintenance	14,853	1,024	2,083	-	17,960
Business meetings	10,728	474	3,635	-	14,837
Volunteer stewardship	2,675	-	9,758	-	12,433
Office supplies	4,885	121	3,641	-	8,647
Scholarships and camperships	5,000	-	-	-	5,000
Postage	878	8	3,307	-	4,193
Miscellaneous	2,430	130	264	-	2,824
Conferences/training	2,319	-	151	-	2,470
Non-capital equipment	1,262	83	930	-	2,275
Interest	<u>1,680</u>	<u>116</u>	<u>236</u>	<u>-</u>	<u>2,032</u>
	5,602,889	371,450	1,000,694	925,362	7,900,395
Less: expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,362</u>	<u>925,362</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 5,602,889</u></u>	<u><u>\$ 371,450</u></u>	<u><u>\$ 1,000,694</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,975,033</u></u>

See accompanying notes to financial statements.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating activities:		
Changes in net assets	\$ 5,612,219	\$ (1,561,895)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Bad debt	86,552	40,000
Depreciation	87,392	79,544
Unrealized and realized (gains) losses on investments	(357,958)	709,291
Non-cash lease expense	19,684	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable, net	(6,047,125)	928,703
Grants and other receivables	(142,934)	318,557
Prepaid expenses and other current assets	(126,461)	(15,897)
Increase (decrease) in:		
Accounts payable	33,531	192,099
Accrued expenses and other	(139,910)	(20,659)
Deferred revenue	111,348	(108,398)
Refundable advance	<u>-</u>	<u>(506,933)</u>
Net cash (used in) provided by operating activities	<u>(863,662)</u>	<u>54,412</u>
Investing activities:		
Purchase of property and equipment	(33,353)	(34,772)
Proceeds from sale of investments	1,798,504	1,510,971
Purchase of investments	<u>(1,892,492)</u>	<u>(1,776,033)</u>
Net cash used in investing activities	<u>(127,341)</u>	<u>(299,834)</u>
Financing activities:		
Payments of finance lease obligations	<u>(16,594)</u>	<u>(10,658)</u>
Net cash used in financing activities	<u>(16,594)</u>	<u>(10,658)</u>
Net decrease in cash and cash equivalents	(1,007,597)	(256,080)
Cash and cash equivalents - beginning	<u>4,274,853</u>	<u>4,530,933</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ 3,267,256</u></b>	<b><u>\$ 4,274,853</u></b>
Supplemental disclosures of cash flows information:		
Cash paid during the year for:		
Interest	<u>\$ 749</u>	<u>\$ 2,032</u>
Supplemental schedule for noncash investing and financing activity:		
Operating lease liabilities and right-of-use assets recognized in connection with implementation of ASC 842 on July 1, 2022	<u>\$ 2,239,014</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1. ORGANIZATION**

Big Brothers Big Sisters of Eastern Massachusetts, Inc. (the "Organization"), a Massachusetts nonprofit organization, is making a real difference in the lives of nearly 3,000 youth annually by providing them with an invested, caring adult mentor in long-term, professionally supported relationships. With research and proven outcomes at its core, Big Brothers Big Sisters of Eastern Massachusetts is working to defend the potential of children facing adversity and ensure every child has the support from caring adults that they need for healthy development and success in life. The Organization's vision is to inspire, engage and transform communities in Eastern Massachusetts by helping youth achieve their full potential, contributing to healthier families, better schools, more confident futures and stronger communities. Throughout its 70 years, the largest Big Brothers Big Sisters affiliate in New England has created and served more than 20,000 matches.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic *Presentation of Financial Statements of Not-For-Profit Entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

*Net Assets With Donor Restrictions* - Net assets subject to stipulation by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor had stipulated the funds be maintained in perpetuity.

Comparative Totals

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 accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

The presentation of financial statements in conformity with U.S. GAAP 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 and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash and cash equivalents, except for temporary investments that are managed by external investment managers as part of their long-term strategies and are carried at cost, which approximates fair value.

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, temporary investments and contributions receivable. The Organization maintains its cash and temporary investments with high credit quality institutions. At times, such amounts may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limitations. Amounts in excess of FDIC insurance limitations totaled \$2,812,530 and \$4,044,330 at June 30, 2023 and 2022, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk. The Organization has unconditional promises to give that are expected to be collected in future years, recorded at the present value of their estimated future cash flows. The Organization routinely assesses the collectibility of its contributions receivables and believes that credit risk exposure is limited.

Contributions Receivable

Contributions receivable include an allowance for doubtful accounts based on management's evaluation of outstanding balances at the end of the year. An allowance is made for uncollectible pledges based on management's judgment, past collection experience and other relevant factors. The allowance for doubtful accounts totaled \$118,313 and \$37,761 at June 30, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair value on the date of contribution. The cost or carrying value of the assets is depreciated or amortized using the straight-line method over the respective estimated useful lives as follows:

	<u>Years</u>
Leasehold Improvements	5 - 7 years
Office Equipment	4 - 10 years

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets, including right-of-use assets, in accordance with the FASB ASC Topic *Property, Plant and Equipment*. The Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. 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 estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At June 30, 2023 and 2022, the Organization has determined that no long-lived assets are impaired.

Leases

The Organization has operating lease agreements for office space under terms through 2027. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the statement of financial position.

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Leases may contain fixed and determinable escalation clauses for which the Organization recognizes rental expense under the lease on the straight-line basis over the lease terms, which includes the period of time from when the Organization takes possession of the leased space, and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Investments and Investment Earnings

The Organization invests in marketable securities primarily consisting of mutual funds, equity securities, money market funds, and exchange traded funds. All investments have been reported at fair value. The fair value of these investments is based upon quotes from the principal exchanges on which the securities are traded. Net investment gains and losses are included in the statement of activities and changes in net assets and consists of interest and dividend income, net of investment expenses, and realized and unrealized capital gains and losses.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments and Investment Earnings (Continued)

Total investment return is reported in non-operating activities on the statement of activities and changes in net assets as availability of endowment funds are subject to the Organization's endowment spending policy. Amounts available for operation are reported as endowment assets appropriated for operations in operating activities with a corresponding decrease in endowment assets appropriated for operations in non-operating activities.

Furthermore, dividends, interest, and realized and unrealized gains on long-term investments are reported as follows:

- Increases in net assets with donor restrictions if the terms of the contribution require these to be added to the principal;
- Increase in net assets with donor restrictions if the terms of the contribution, or the Organization's interpretation of relevant state law, imposes restrictions on the use of the income and gains; and
- Increase in net assets without donor restrictions in all other cases.

The Organization follows the provisions of FASB ASC Subtopic 958-205-45, *Other Presentation Matters*, in regard to reporting endowment funds. This section provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

Return Objectives and Risk Parameters

The Organization's investment objective is to achieve a total return sufficient to provide resources needed for the ongoing service mission and operational needs of the Organization and to achieve real growth in capital net of distributions, expenses and inflation. This objective has been established in conjunction with a comprehensive review of the current and projected financial requirements of the Organization and is based on a ten-year investment horizon, so that interim fluctuations should be viewed with appropriate perspective.

The asset composition established by the Board of Directors represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of the policy range. These divergences should be of a short-term nature. The current asset allocation will be monitored and reviewed at least quarterly by the Finance and Audit Committee relative to the established minimum and maximum range for each asset class.

To ensure divergence from the target policy is within allocation ranges rebalancing of assets may be necessary.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization has a policy of appropriating for spending at a rate that must be sustainable for the long term and balance the dual needs of supporting current operational needs and preserving the value of the investable assets and its income distribution in perpetuity. The Organization's policy is based on the assumption that the spending policy over the long term will not exceed 5% of the average of the fund's previous 12 quarter ending market value, net of fees. The Board of Directors approves the draw rate on an annual basis. The approved appropriation from accumulated appreciation on invested net assets with donor restrictions was \$150,000 for the years ended June 30, 2023 and 2022. During the years ended June 30, 2023 and 2022, this appropriation was made from underwater endowments funds. There was no approved appropriation on board designated net assets for the years ended June 30, 2023 and 2022.

In establishing its spending policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization's spending policies are conservative and, as such, support the long-term objectives of preserving the purchasing power of the endowment in perpetuity thereby sustaining its ability to support future programs and to provide additional real growth through new gifts and investment return.

Fair Value Measurement

The Organization follows the provisions of the *Fair Value Measurements* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

- Level 1** - Quoted market prices that are available in active markets for identical assets or liabilities. The types of financial instruments included in Level 1 are marketable equity available for sale securities that are traded in an active exchange market.
- Level 2** - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.



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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurement (Continued)

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2023 and 2022.

- The fair value of money market funds, mutual funds, equity securities and exchange traded funds are valued based upon quoted prices from active markets. These securities are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

During the years ended June 30, 2023 and 2022, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or change in net assets.

Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

The Organization recognizes revenue under ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

The Organization holds various special events throughout the course of the year. Special events revenue is recognized over the period the event takes place.

Grants and Contributions

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Grants and contributions received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults.

Disaggregation of Revenues

The Organization operates as a nonprofit organization to match adult mentors with local youths. The Organization's viability is dependent on the strength of the regional economy and its ability to generate revenue from donors and fundraising events and its ability to collect these amounts.

In-kind Contributions

The Organization receives in-kind contributions from individuals in support of its programming. Donated services are recognized as contributions at fair market value if the services require specialized skills, which would otherwise be purchased. Donated goods are recognized as contributions at fair market value at the time the goods are received. In-kind contributions are reflected in the accompanying financial statements based upon the estimated value assigned to them by management. In-kind contributions totaled \$83,543 and \$101,985 for the years ended June 30, 2023 and 2022, respectively. The in-kind contributions are reflected as professional fees on the statements of functional expenses for the years ended June 30, 2023 and 2022 (Note 4).

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contract Liabilities

Contract liabilities include special event revenue received by the Organization prior to the fiscal year end for special events occurring in the next fiscal year. Contract liabilities are presented as deferred revenue in the accompanying statements of financial position. Deferred revenue was \$361,141, \$249,793 and \$358,191 at June 30, 2023, 2022 and 2021, respectively.

Operations

The statements of activities and changes in net assets report the changes in net assets from operating and non-operating activities. Operating activities consist of those revenues and expenses related to program services, fundraising and development and general and administrative activities of the Organization. It also includes endowment earnings appropriated for operations under the Organization's spending policy and net assets released from restrictions. Non-operating activities consist of contributions for long-term investment and investment earnings, as well as unusual items or other items not directly related to the Organization's program services, fundraising and development and general and administrative activities.

Tax Status

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code ("the Code") and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. The Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization files informational tax returns in the U.S. federal and Massachusetts state jurisdictions. Management believes that the Organization has no material uncertain tax positions.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses incurred during the years ended June 30, 2023 and 2022, were \$142,569 and \$103,202, respectively.

Functional Expenses

The costs of providing various and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Employee compensation and related expenses are allocated on the basis of time and effort. Other expenses including occupancy, professional fees, advertising, depreciation and membership/research are allocated based on the nature of the expense and the program benefiting from it.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently Adopted Accounting Standard

*Leases* - In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842) ("ASC 842"), as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets. The Organization adopted ASC 842 under the modified retrospective method on July 1, 2022.

The Organization adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. In addition, the Organization used hindsight in determining lease term and considerations for impairment. The Organization made the accounting policy elections to not recognize short-term leases on the balance sheet and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

The Organization performed an analysis of contracts containing leases as of July 1, 2022, and recorded an operating lease right-of-use asset and aggregate operating lease liabilities in the amount of \$2,239,014. Upon adoption of ASC 842, leases previously accounted for as capital leases in prior reporting periods were reassessed as financing leases.

Recently Issued but not yet Effective Accounting Pronouncement

*Credit Losses* - In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016-13 is effective for private companies for fiscal years beginning after December 15, 2022, including interim periods within those annual reporting periods. The Organization is currently evaluating the impact of the new standard on its financial statements and related disclosures.

Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of June 30, 2023, through the date which the financial statements were available to be issued, December 15, 2023, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of June 30, 2023:

Financial assets at year-end:	
Cash and cash equivalents	\$ 3,267,256
Contributions receivable, net	7,759,680
Grants and other receivables	442,000
Investments	<u>4,792,579</u>
Total financial assets at year-end	<u>16,261,515</u>
Less: amounts not available to be used within one year:	
Net assets with donor restrictions	7,632,492
Endowment designated by board	<u>1,520,827</u>
	<u>9,153,319</u>
Add: net assets with restrictions to be met in less than a year	<u>3,442,790</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 10,550,986</u>

The Organization's goal is to maintain readily available financial assets to meet six months of the current operation budget available at year end and no less than four months available at each month end. The Organization has a \$500,000 line of credit (Note 9) available to meet cash flow needs. Although not expected to be needed, the spendable yet board designated portion of the Organization's net assets could be used to meet cash needs if necessary.

**NOTE 4. IN-KIND CONTRIBUTIONS**

For the year ended June 30, 2023 and 2022, in-kind contributions recognized in the statements of activities included:

	<u>2023</u>	<u>2022</u>
Donated goods	\$ 2,165	\$ 13,683
Donated IT services	<u>81,378</u>	<u>88,302</u>
Total donated services	<u>\$ 83,543</u>	<u>\$ 101,985</u>

Donations of goods are valued at the estimated U.S. wholesale prices of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Donations of services are valued based on the number of hours and billing rates for similar services that the Organization would otherwise have to purchase. The recorded amounts are classified as in-kind donations in the accompanying financial statements.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
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**NOTE 5. CONTRIBUTIONS RECEIVABLE**

The balance of contributions receivable at June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Total contributions receivable:	\$ 8,168,603	\$ 1,844,150
Less:		
Allowance	118,313	37,761
Unamortized discount	<u>290,610</u>	<u>7,282</u>
Net contributions receivable	<u>\$ 7,759,680</u>	<u>\$ 1,799,107</u>
Total contributions receivable:		
Receivable in less than one year	\$ 3,561,103	\$ 1,594,150
Receivable in one to five years	<u>4,607,500</u>	<u>250,000</u>
	<u>\$ 8,168,603</u>	<u>\$ 1,844,150</u>

The Organization uses a 3% discount rate for these contributions receivable.

**NOTE 6. INVESTMENTS**

The following is a summary of investments at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Money market	\$ 380,709	\$ 360,308
Equity securities	2,702,850	2,331,937
Fixed income funds	1,256,315	1,227,970
Exchange traded funds	280,017	231,510
Mutual funds	<u>172,688</u>	<u>188,908</u>
	4,792,579	4,340,633
Less: current portion of investments	<u>1,419,182</u>	<u>1,128,602</u>
	<u>\$ 3,373,397</u>	<u>\$ 3,212,031</u>

The composition of the investment return as reported in statement of activities for the years ended June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Income from long-term investments consisting of dividends, interest and capital gains	\$ 126,432	\$ 127,817
Investment fees	(34,107)	(40,400)
Net realized gains (losses) on investments	67,543	(30,589)
Net unrealized gains (losses) on investments	<u>290,415</u>	<u>(678,702)</u>
	<u>\$ 450,283</u>	<u>\$ (621,874)</u>

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. FAIR VALUE MEASUREMENTS**

The following fair value hierarchy tables present information about the Organization's assets measured at fair value on a recurring basis as of June 30, 2023:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Assets at fair value:				
Money market	\$ 380,709	\$ -	\$ -	\$ 380,709
Equity securities:				
U.S. large cap	1,916,422	-	-	1,916,422
Developed international	316,925	-	-	316,925
Long-short equity	195,112	-	-	195,112
Emerging markets	106,099	-	-	106,099
U.S. small cap	104,871	-	-	104,871
Commodities	63,421	-	-	63,421
Fixed income:				
Corporate bonds	979,174	-	-	979,174
High yield bonds	277,141	-	-	277,141
Exchange traded funds:				
Large blend	121,208	-	-	121,208
Technology	76,498	-	-	76,498
International	21,841	-	-	21,841
Communications	21,350	-	-	21,350
Consumer	19,524	-	-	19,524
Bank loan	10,038	-	-	10,038
Ultra short bond	9,558	-	-	9,558
Mutual funds				
Allocation funds	109,287	-	-	109,287
Specific option positions	1,045	-	-	1,045
Short term bond	<u>62,356</u>	<u>-</u>	<u>-</u>	<u>62,356</u>
Total	<u>\$ 4,792,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,792,579</u>

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
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**NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following fair value hierarchy tables present information about the Organization's assets measured at fair value on a recurring basis as of June 30, 2022:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Assets at fair value:				
Money market	\$ 360,308	\$ -	\$ -	\$ 360,308
Equity securities:				
U.S. large cap	1,596,586	-	-	1,596,586
Developed international	297,389	-	-	297,389
Long-short equity	132,058	-	-	132,058
Emerging markets	103,206	-	-	103,206
U.S. small cap	94,234	-	-	94,234
Commodities	70,079	-	-	70,079
Real estate investment trusts	38,385	-	-	38,385
Fixed income:				
Corporate bonds	954,488	-	-	954,488
High yield bonds	273,482	-	-	273,482
Exchange traded funds:				
Large blend	118,122	-	-	118,122
Technology	63,560	-	-	63,560
Communications	17,022	-	-	17,022
International	16,525	-	-	16,525
Consumer	16,281	-	-	16,281
Mutual funds:				
Allocation funds	95,136	-	-	95,136
Short term bonds	<u>93,772</u>	<u>-</u>	<u>-</u>	<u>93,772</u>
Total	<u>\$ 4,340,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,340,633</u>

**NOTE 8. PROPERTY AND EQUIPMENT**

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

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 171,727	\$ 171,727
Office equipment	<u>370,346</u>	<u>339,785</u>
	542,073	511,512
Less: accumulated depreciation	<u>351,033</u>	<u>266,433</u>
	<u>\$ 191,040</u>	<u>\$ 245,079</u>



**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
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**NOTE 9. LINE OF CREDIT**

The Organization has an unsecured demand line of credit renewable annually with a financial institution for \$500,000. Interest is payable monthly at the higher of the bank's base lending rate or 4% (8.25% and 4.75% at June 30, 2023 and 2022, respectively). There were no outstanding borrowings at June 30, 2023 and 2022.

**NOTE 10. GOVERNMENT ASSISTANCE INCOME**

*Paycheck Protection Program Second Draw Loan*

On February 17, 2021, the Organization received loan proceeds of \$1,006,933 under the Paycheck Protection Program Second Draw Loans ("PPP SD"). The second round of PPP funding, which was established as part of the Consolidated Appropriations Act, provides loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after twenty-four weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. Not more than 40% of the amount forgiven can be attributable to nonpayroll costs.

The PPP SD loan matures five years from the date of first disbursement of proceeds to the Organization (the "PPP SD Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the covered period plus ten months and payable in fifty (50) equal consecutive monthly installments of principal and interest commencing on the eleventh month anniversary of the end of the covered period.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program.

Under the PPP SD loan program the Organization recognized \$506,933 in grant revenue, which represents the amount of qualified expenses incurred to date eligible for forgiveness and is included in revenues and other support on the statement of activities for the year ended June 30, 2022. The Organization recognized \$500,000 in grant revenue for the year ended June 30, 2021.

The Organization applied for PPP SD loan forgiveness and received approval from the Small Business Administration ("SBA") in February 2022. If it is determined that the Organization was not eligible to receive the PPP Loan or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA's Loan Program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
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**NOTE 10. GOVERNMENT ASSISTANCE INCOME (CONTINUED)**

*Employee Retention Tax Credit*

The employee retention tax credit ("ERTC"), as it existed under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), was not available to organizations that received a PPP loan. Provisions in the Consolidated Appropriations Act (the "CAA"), which was signed into law on December 27, 2020, removed this restriction and allowed businesses that qualify for the ERTC to retroactively apply for the ERTC so long as the same wages are not used for both PPP loan forgiveness and the ERTC.

U.S. GAAP does not contain authoritative guidance related to refundable tax credits. Absent authoritative accounting standards, interpretive guidance issued and commonly applied by financial statement preparers allows the analogy to alternative guidance. Management has determined that the ERTC is a type of government assistance (government grant). FASB ASC 958-605, *Not for Profit Entities: Revenue Recognition* ("ASC 958"), is utilized in accounting for government grants. Under ASC 958, grant revenue is recognized as revenue in the period received in the form of assets or decrease of liabilities (expenses) and when all conditions of the grant are met.

Management has determined that the Organization is eligible for and meets all the conditions to qualify for the ERTC. In February 2022 the Organization submitted quarterly payroll tax returns claiming to recover approximately \$477,000 in ERTC for amounts paid during the third quarter of 2021. The Organization recognized \$477,000 in government assistance income on the statement of activities and changes in net assets for the year ended June 30, 2022. The balance was collected in full in July 2023. If it is determined that the Organization was not eligible to receive the ERTC or that the Organization has not adequately complied with the regulations of the program, the Organization could be subject to penalties and could be required to repay the ERTC.

**NOTE 11. NET ASSETS**

Net assets with donor restrictions that are perpetual in nature at both June 30, 2023 and 2022, totaled \$1,747,761, which is included in the Organization's endowment.

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 5,725,283	\$ 739,774
Educational advocacy, scholarship and activities	404,417	410,401
Depreciation on restricted funds	(244,969)	(257,856)
Endowment fund, perpetual in nature	<u>1,747,761</u>	<u>1,747,761</u>
	<u>\$ 7,632,492</u>	<u>\$ 2,640,080</u>

The Organization also has \$1,520,827 and \$1,385,663 at June 30, 2023 and 2022, respectively, functioning as endowment which has been designated by the board.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 11. NET ASSETS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors for the years ended June 30, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 1,762,750	\$ 1,628,000
Educational advocacy, scholarship and activities	<u>28,500</u>	<u>26,000</u>
	<u>\$ 1,791,250</u>	<u>\$ 1,654,000</u>
Appropriation of endowment appreciation	<u>\$ 150,000</u>	<u>\$ 150,000</u>

**NOTE 12. ENDOWMENTS**

The Organization's endowment includes funds restricted by donors as well as funds without donor restriction designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The income generated by the donor-restricted endowment funds is available for the Organization's general operations and is recorded as revenue with donor restrictions until appropriated for expenditures.

Endowment composition by net asset category, at fair value, is as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net assets with donor restrictions	\$ 1,502,792	\$ 1,489,905
Net assets without donor restrictions	<u>1,520,827</u>	<u>1,385,663</u>
Total endowment net assets	<u>\$ 3,023,619</u>	<u>\$ 2,875,568</u>

Changes in endowment net assets for the year ended June 30, 2023, are summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment balance, June 30, 2022	\$ <u>1,385,663</u>	\$ <u>1,489,905</u>	\$ <u>2,875,568</u>
Investment return:			
Income	42,856	56,133	98,989
Net appreciation	105,159	118,183	223,342
Investment management fees	<u>(12,851)</u>	<u>(11,429)</u>	<u>(24,280)</u>
Total investment return	<u>135,164</u>	<u>162,887</u>	<u>298,051</u>
Appropriated for expenditure	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
Endowment balance, June 30, 2023	<u>\$ 1,520,827</u>	<u>\$ 1,502,792</u>	<u>\$ 3,023,619</u>

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 12. ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the year ended June 30, 2022, are summarized as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment balance, June 30, 2021	\$ <u>1,594,865</u>	\$ <u>1,885,336</u>	\$ <u>3,480,201</u>
Investment return:			
Income	42,856	54,739	97,595
Net depreciation	(239,205)	(283,777)	(522,982)
Investment management fees	<u>(12,853)</u>	<u>(16,393)</u>	<u>(29,246)</u>
Total investment return	<u>(209,202)</u>	<u>(245,431)</u>	<u>(454,633)</u>
Appropriated for expenditure	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
Endowment balance, June 30, 2022	\$ <u><u>1,385,663</u></u>	\$ <u><u>1,489,905</u></u>	\$ <u><u>2,875,568</u></u>

**NOTE 13. BENEFIT PLANS**

The Organization maintains a 403(b) retirement plan for employees. Eligible employees may elect to make bi-monthly contributions to the plan. The Organization made matching contributions of \$68,694 and \$64,434 to the plan during the years ended June 30, 2023 and 2022, respectively.

**NOTE 14. RELATED PARTY**

The Organization is related by affiliation to Big Brothers Big Sisters of America ("BBBSA"). The Organization paid dues and fees of \$54,683 and \$55,801 to BBBSA during the years ended June 30, 2023 and 2022, respectively. Amounts prepaid to BBBSA at June 30, 2023 and 2022, were \$28,113 and \$26,750, respectively, and are included in prepaid expenses and other current assets in the accompanying statements of financial position. The Organization, as a subgrantee, may receive grant revenue from BBBSA. During the years ended June 30, 2023 and 2022, the Organization recognized \$971,531 and \$652,156, respectively, of grant revenue from BBBSA. At June 30, 2023 and 2022, the Organization had accounts receivable outstanding from BBBSA of \$447,000 and \$299,066, respectively.

**NOTE 15. COMMITMENTS & CONTINGENCIES**

Operating Lease Commitments

The Organization has operating leases for office space under terms through 2027. Operating lease expense for the years ended June 30, 2023 and 2022, was \$504,271 and \$467,645, respectively.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 15. COMMITMENTS & CONTINGENCIES (CONTINUED)**

Operating Lease Commitments (continued)

Maturities of operation lease liabilities as of June 30, 2023, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2024	\$ 442,986
2025	450,532
2026	434,028
2027	438,701
2028	<u>219,352</u>
Total lease payments	1,985,599
Less: amount of lease payments representing interest	<u>120,884</u>
Present value of operating lease liabilities	1,864,715
Less: current portion	<u>395,353</u>
Lease liabilities, net of current portion	<u>\$ 1,469,362</u>

Supplemental cash flow information related to leases was as follows:

Cash paid for amount included in measurement of lease liabilities	\$ 433,040
---	------------

Average lease terms and discount rates were as follows:

Weighted-average remaining lease term (in years)	4.43 years
Weighted-average discount rate (%)	2.89%

Prior to the adoption of ASC Topic 842 on July 1, 2022, the Organization accounted for its leases in accordance with ASC Topic 840, which did not require recognition of the lease arrangement on the statement of financial position for leases classified as operating leases. Rent expense related to these operating leases was \$467,645 during the year ended June 30, 2022.

During the year ended June 30, 2022, the Organization's monthly finance lease payment was \$927, including principal and interest. Assets under capital lease obligations were included in property and equipment and totaled \$41,264 at June 30, 2022. Accumulated depreciation of the assets under capital lease obligation amounted to \$25,790 at June 30, 2022.

Letter of Credit

In connection with its Boston office lease, the Organization secured a letter of credit from its bank to act in lieu of a security deposit, as allowed by the lease agreement. Commitments under standby letters of credit totaled approximately \$93,660 at June 30, 2023 and 2022.

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Justice</b>			
Pass-through programs from Big Brothers Big Sisters of America:			
Juvenile Mentoring Program:			
Mentoring Opportunities for Youth Initiative, Category 5, Mentoring Youth Impacted by Opioid Phase II (MYIO)	16.726	OJJDP 2019-JY-FX-0025	\$ 28,504
Mentoring Opportunities for Youth Initiative, Category 5, Mentoring Youth Impacted by Impacted by Opioids Phase III (MYIO3)	16.726	OJJDP 2020-JY-FX-0003	21,349
Mentoring Opportunities for Youth Initiative	16.726	OJJDP 2020-JU-FX-0030	131,592
Mentoring Opportunities for Youth Initiative	16.726	OJJDP 15PJDP-21-GG-02765-MENT	409,492
2021 OJJDP FY 2021 Mentoring for Youth Affected by the Opioid Crisis and Drug Addiction Mentoring Youth Impacted by Opioids Phase IV (MYIO4)	16.726	15PJDP-21-GG-02743-MENT	51,891
2022 FY 2022 Mentoring for Youth Affected by Opioids and Other Drug Misuse Mentoring Youth Impacted by Opioids Phase V (MYIO5)	16.726	15PJDP-22-GG-03742-MENT	80,000
FY 2022 National Mentoring Programs	16.726	OJJDP 15PJDP-22-GG-01749-MENT	<u>243,589</u>
Total Juvenile Mentoring Program			<u>966,417</u>
Total U.S. Department of Justice			<u>966,417</u>
<b>U.S. Department of the Treasury</b>			
Pass-through programs from Commonwealth of Massachusetts:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CTEOL325023ARPA70100013BBBSEM	<u>1,000,000</u>
Total U.S. Department of the Treasury			<u>1,000,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,966,417</u>

See accompanying notes to schedule of expenditures of federal awards

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal assistance activity of Big Brothers Big Sisters of Eastern Massachusetts, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2023. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Organization elected to use the 10% de minimis cost rate for its Federal programs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Big Brothers Big Sisters of Eastern Massachusetts, Inc.  
Boston, Massachusetts

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Big Brothers Big Sisters of Eastern Massachusetts, Inc.' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Big Brothers Big Sisters of Eastern Massachusetts, Inc.' major federal programs for the year ended June 30, 2023. Big Brothers Big Sisters of Eastern Massachusetts, Inc.' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Big Brothers Big Sisters of Eastern Massachusetts, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Big Brothers Big Sisters of Eastern Massachusetts, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

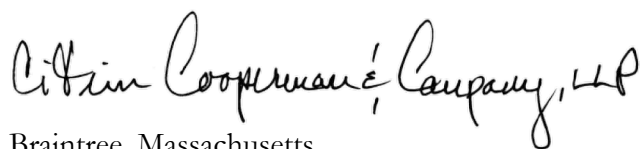
## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Braintree, Massachusetts  
December 15, 2023

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Big Brothers Big Sisters of Eastern Massachusetts, Inc.  
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Big Brothers Big Sisters of Eastern Massachusetts, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

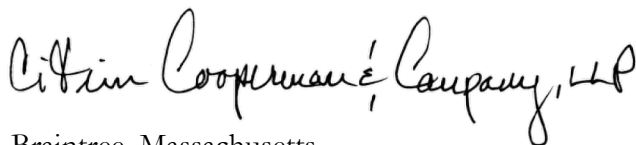
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Big Brothers Big Sisters of Eastern Massachusetts, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Braintree, Massachusetts  
December 15, 2023

**BIG BROTHERS BIG SISTERS OF EASTERN MASSACHUSETTS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor report issued:  | Unmodified    |
| 2. Internal control over financial reporting:  |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                                     | No            |

Federal Awards

- |   |               |
|---|---------------|
| 4. Internal control over major federal programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses?                                      | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs   | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance? | No            |
| 7. Identification of major federal programs:  |               |

Name of Federal Program or Cluster

Federal Assistance Listing Numbers

- |  |           |
|--|-----------|
| Juvenile Mentoring Program   | 16.726    |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds                           | 21.027    |
| 8. Dollar threshold used to distinguish between Type A programs and Type B programs: | \$750,000 |
| 9. Auditee qualifies as a low risk auditee?  | No        |

**B. FINANCIAL STATEMENT FINDINGS**

None

**C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS**

None