



**BIG BROTHERS BIG SISTERS  
MOUNTAIN REGION**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2021,  
With Comparative Totals for 2020**

2500 9th St. NW  
Albuquerque, NM 87102  
505.883.8788  
[www.HL-cpas.com](http://www.HL-cpas.com)

	<u>Page</u>
Table of Contents	i
Board of Directors	1
Independent Auditor's Report	2-4
Financial Statements:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-31
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 <i>Government Auditing Standards</i>	32-33
Schedule of Findings and Responses	34

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION  
BOARD OF DIRECTORS  
As of December 31, 2021**

<u>Name</u>	<u>Title</u>
Tom Madigan	President
Kelley Avery	Co-Vice President
Lindsay Mullins	Co-Vice President
Rick Vaughan	Treasurer
Monica Leyba	Secretary
Debby Cox	Director
Kelly Jameson	Director
Yale Jones	Director
Leo Marquez II	Director
Ata Lth Chee Montaña	Director
Linda Siegle	Director
Liz Taylor	Director
Vin Walden	Director
Geno Zamora	Director

**Administration**

---

<u>Name</u>	<u>Title</u>
David Sherman	Chief Executive Officer
Gina Trujillo	Business Manager



**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Big Brothers Big Sisters Mountain Region  
Santa Fe, NM

**Opinion**

We have audited the accompanying financial statements of Big Brothers Big Sisters Mountain Region (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters Mountain Region as of December 31, 2021, 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 of 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 General 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 Mountain Region, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 the Big Brothers Big Sisters Mountain Region'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 Responsibility 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, 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 and *Government Auditing Standard*, 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 Organization'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 Organization'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**

The prior year summarized comparative information has been derived from Big Brothers Big Sisters Mountain Region's December 31, 2020 financial statements. We have previously audited Big Brothers Big Sisters Mountain Region's 2020 financial statements and we issued an unmodified opinion on those financial statements in our report dated September 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of Big Brothers Big Sisters Mountain Region 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 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 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 Mountain Region internal control over financial reporting and compliance.



Hinkle + Landers, P.C.  
Albuquerque, NM  
September 29, 2022

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2021, with Comparative Totals for 2020**

	Notes	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 645,127	326,048
Grants and contracts receivable	4	197,557	158,698
Pledges receivable, net	4	31,673	13,206
Prepaid expenses and other assets		7,027	7,868
Due from related parties		1,901	73
<b>Total Current Assets</b>		883,285	505,893
<b>Noncurrent Assets</b>			
Investment-endowment/quasi-endowment	6	880,234	805,403
Beneficial interest in agency endowment funds	5	19,662	17,839
Partnership interest	6	12,536	12,536
Property and equipment, net	7	232,302	211,477
<b>Total Assets</b>		\$ 2,028,019	1,553,148
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable		\$ 52,711	35,856
Accrued expenses		69,787	47,383
Deferred revenue		10,645	-
<b>Total Current Liabilities</b>		133,143	83,239
<b>Net Assets</b>			
Net Assets without Donor Restrictions:			
Undesignated		736,388	421,984
Board Designated		380,234	305,403
Invested in property and equipment		232,302	211,477
Net Assets with Donor Restrictions:			
Temporary in Nature	10	26,290	13,206
Perpetual in Nature	10	519,662	517,839
<b>Total Net Assets</b>		1,894,876	1,469,909
<b>Total Liabilities and Net Assets</b>		\$ 2,028,019	1,553,148

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021, with Comparative Totals for 2020**

	2021		2020	
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
<b>Revenue and Other Support</b>				
Contracts	\$ 701,930	-	701,930	638,320
Governmental grants	243,392	-	243,392	250,769
Foundation and other grants	318,373	11,500	329,873	222,580
Contributions	276,712	14,790	291,502	396,072
Special events, net	346,301	-	346,301	322,460
Investment income, net	81,200	1,823	83,023	88,803
In-kind contributions	33,398	-	33,398	15,066
Interest and dividend income	83	-	83	-
Net assets released from restrictions	13,206	(13,206)	-	-
Total revenue and other support	2,014,595	14,907	2,029,502	1,934,070
<b>Expenses</b>				
Member services	1,171,035	-	1,171,035	1,212,695
Total program services	1,171,035	-	1,171,035	1,212,695
Management and general				
General and administrative	172,190	-	172,190	193,621
Fundraising	261,310	-	261,310	210,326
Total supporting services	433,500	-	433,500	403,947
Total expenses	1,604,535	-	1,604,535	1,616,642
Change in net assets	410,060	14,907	424,967	317,428
Net assets at beginning of year	938,864	531,045	1,469,909	1,152,481
Net assets at end of year	\$ 1,348,924	545,952	1,894,876	1,469,909

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.



**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021, with Comparative Totals for 2020**

	2021				2020
	<u>Program</u>	<u>Supporting Services</u>			
	Member services	General and administrative	Fundraising	Total	Total
Salaries and wages	\$ 665,572	92,441	166,393	924,405	930,033
Payroll taxes and benefits	133,391	18,527	33,348	185,265	216,439
Professional fees	90,927	12,629	23,733	127,289	106,474
Rent	29,691	4,124	35,150	68,965	41,691
Supplies	6,957	966	33,027	40,951	7,437
Contract services	32,260	-	6,376	38,636	73,190
Telephone and internet	25,414	3,530	6,353	35,297	36,311
Information technology	20,573	2,857	5,143	28,574	34,641
Program activities	27,114	-	-	27,114	10,078
Recruitment	24,134	-	-	24,134	14,387
Insurance	17,307	2,404	4,327	24,037	27,236
Travel and entertainment	-	8,382	12,445	20,827	20,115
Affiliation fees	19,348	-	-	19,348	21,282
Staff development and training	18,627	-	-	18,627	12,579
Occupancy fees	11,866	1,648	2,966	16,480	16,540
Dues and subscriptions	7,553	7,553	850	15,956	19,193
Computer and software	9,412	1,307	2,353	13,072	11,707
Credit card fees	6,085	-	6,085	12,170	7,593
Advertising	2,541	-	5,374	7,915	4,077
Annual giving costs	-	-	7,740	7,740	-
Background checks	6,955	-	-	6,955	8,845
Utilities	3,352	466	838	4,655	5,786
Board development	-	4,232	-	4,232	7,448
Miscellaneous	2,082	2,082	159	4,322	8,428
Postage and shipping	966	134	2,171	3,271	1,724
Food and beverage costs	-	-	2,242	2,242	-
Bad debt expense	-	-	-	-	10,530
Interest	-	-	-	-	1,033
Total expenses before depreciation	<u>1,162,125</u>	<u>163,280</u>	<u>357,074</u>	<u>1,682,479</u>	<u>1,654,797</u>
Depreciation expense	<u>8,910</u>	<u>8,910</u>	<u>-</u>	<u>17,820</u>	<u>15,226</u>
Less expenses included with revenue on the statement of activities:					
Direct expenses of fundraisers	<u>-</u>	<u>-</u>	<u>(95,764)</u>	<u>(95,764)</u>	<u>(53,381)</u>
Total expenses	<u>\$ 1,171,035</u>	<u>172,190</u>	<u>261,310</u>	<u>1,604,535</u>	<u>1,616,642</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2021, with Comparative Totals for 2020**

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Cash receipts from grantors	\$ 215,178	169,594
Cash receipts from contracts	701,930	638,320
Cash receipts from foundation and other grants	329,873	222,580
Cash receipts from contributions	273,035	410,361
Cash receipts from special events	475,463	375,841
Cash receipts from interest and dividends	83	-
Cash paid for program services	(363,163)	(485,233)
Cash paid on behalf of employees	(1,089,094)	(921,426)
Cash paid for other operating expenses	(96,186)	(198,963)
Cash paid for special events	(95,764)	(53,381)
Interest paid	-	(1,033)
Net cash provided by operating activities	351,355	156,660
<b>Cash Flows From Investing Activities</b>		
Distributions received from beneficial interest in agency endowment funds	2,171	-
Distributions received from interest in partnership	4,500	-
Purchase of property and equipment	(38,645)	-
Net cash (used in) investing activities	(32,276)	-
<b>Cash Flows From Financing Activities</b>		
Payments on line of credit	-	(60,000)
Net cash (used in) provided by financing activities	-	(60,000)
Net change in cash and cash equivalents	319,079	96,660
Cash and cash equivalents at beginning of year	326,048	229,388
Cash and cash equivalents at end of year	\$ 645,127	326,048
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 424,967	317,428
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,820	15,226
Realized and unrealized (gains) losses on endowment funds	(76,700)	(86,859)
Realized and unrealized (gains) in beneficial interest asset held by others	(1,823)	(1,945)
Realized (gains) on investment in partnership	(4,500)	-
Noncash contributions of investment in partnership	-	(12,536)
<b>(Increases) decreases in operating assets:</b>		
(Increase) decrease in grants and contracts receivable	(38,859)	(81,175)
(Increase) decrease in pledges receivable	(18,467)	26,638
(Increase) decrease in prepaid expense	841	(322)
(Increase) decrease in due from related party	(1,828)	268
<b>Increase (decrease) in operating liabilities:</b>		
Increase (decrease) in accounts payable	16,855	(28,670)
Increase (decrease) in accrued liabilities	22,404	8,607
Increase (decrease) in deferred revenue	10,645	-
Net cash provided by operating activities	\$ 351,355	156,660
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
<b>Supplemental disclosure of non-cash activities</b>		
In-kind contributions	\$ 33,398	15,066
Donated partnership interest	-	12,536
Total non-cash items	\$ 33,398	27,602
<b>Supplemental cash flow disclosures</b>		
Cash paid for interest	\$ -	1,033

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

**Note 1. Description of the Organization**

On January 1, 2015, Big Brothers Big Sisters of Southwestern New Mexico, a New Mexico nonprofit corporation, merged with and into Big Brothers Big Sisters of Northern New Mexico, Incorporated, a New Mexico nonprofit corporation, under the name Big Brothers Big Sisters Mountain Region (the “Organization”)(“Big Brothers Big Sisters”). These two corporations merged to better facilitate the accomplishment of a number of objectives that would further their purposes under one corporation.

Big Brothers Big Sisters is a not-for-profit organization whose mission is to help children reach their potential through professionally supported one-to-one relationships. Their vision is successful mentoring relationships for all children who need them, contributing to brighter futures, better schools and stronger communities for all. Big Brothers Big Sisters promises to foster a culture of commitment to diversity and inclusion, partnership and collaboration, continuous learning, people development and high performance. A significant portion of Big Brothers Big Sisters revenue is derived from grants, contracts and contributions.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

**Basis of Presentation**

The Organization prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections Financial Statements of Not-for-Profit Organizations. Under 958-205, The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets Without Donor Restrictions and Board Designated Net Assets**

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

The net assets without donor restrictions represent the investment in unrestricted assets and the investment in property and equipment, less accumulated depreciation and related debt, when applicable. The governing board has designated, from net assets without donor restrictions, net assets for a capital assets reserve.

Net Assets With Donor Restrictions - Temporary in Nature

Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. These restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. The expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. See Note 10 for donor restrictions for the years ended December 31, 2021 and 2020.

Net Assets With Donor Restrictions-Perpetual in Nature

Net assets with donor restrictions perpetual in nature are those for which use by Organization is limited by donor-imposed stipulations that cannot be removed by actions of the Organization. See Note 10 for net assets with restrictions perpetual in nature for the years ended December 31, 2021 and 2020.

**Uniform Prudent Management of Institutional Funds Act**

The Organization's endowment includes both donor-restricted endowment and funds 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.

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Organization's Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable Uniform law requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2021 and 2020. The Organization has interpreted the UPMIFA and applicable Uniform trust law to permit spending from underwater endowments in accordance with prudent measures required under law.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that it will earn a base return of 4.0 percent of the original principal, expressed in dollars, above the trailing three-year average of the Consumer Price Index. Asset allocations should be targeted to produce expected returns consistent with this target using long term historical returns of assets classes as a guide. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Use of Estimates in Preparing Financial Statements**

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to depreciation of assets over their estimated useful lives, allocation of expenses by function, and the fair value of investments.

**Cash and Cash Equivalents**

Cash, restricted cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. The amounts on deposit with these institutions may at times exceed the \$250,000 of insurance available to individual depositors through the Federal Deposit Insurance Corporation (FDIC).

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2021 and December 31, 2020, the Organization had \$150,073 and \$0 in excess of the FDIC insured limit, respectively.

**Grants and Contracts Receivable**

The Organization is funded by grants and contracts received from the State of New Mexico, City of Santa Fe, and other sources. Grant and contract revenue is earned and recognized when expenses have been incurred, except as otherwise provided in the terms and conditions of the grant and contract. Unreimbursed costs under these grants are recorded as grants and contracts receivable. Grants and contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization's management has not provided for an allowance for uncollectible amounts as they feel the grants and contracts receivable are fully collectible for the years ended December 31, 2021 and 2020.

**Pledges Receivable, Net**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Accounts Receivable**

All receivables are deemed fully collectible, and an allowance for doubtful accounts has not been established. All amounts are deemed collectible within one year as of for the respective years ended December 31, 2021 and 2020 The Organization uses the direct write-off method when necessary. Historically these amounts have not been material to the financial statements as a whole.

**Investments**

Investments are carried at fair value, except the investment in the partnership interest. Fair value is 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. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Quoted market prices, when available, are used to value investments. Purchases and sales of securities are recorded on a trade-date basis. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Realized and unrealized gains and losses, as well as investment expenses are reflected within the investment return, net, in the statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized. Investments are classified based on their original maturities.

**Fair Value Measurements**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

*Exchange-Traded and Closed-End Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Beneficial interest in assets held by third party (Level 2)* - are based on inputs derived principally from or corroborated by observable market data by correlation or other means.

*Investment in Partnership (Level 3)* - as there are no observable measures available, fair market valuation is determined on the basis of a preliminary statement of account value from partnership at December 31, 2021 and 2020. The Investment in the Partnership has been categorized at Level 3. In general, the valuation of this type of investment must be based solely on experience and knowledge of the organization it represents when using Level 3 inputs.

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 fair value of certain financial instruments could result in different fair value measurements at the reporting date.



**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, are as follows:

<i>December 31, 2021</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 413,556	-	-	413,556
Exchange-Traded and Closed-End Funds	466,678	-	-	466,678
Beneficial interest in agency endowment fund	-	19,662	-	19,662
Partnership interest	-	-	12,536	12,536
Total investments at fair value	<u>\$ 880,234</u>	<u>19,662</u>	<u>12,536</u>	<u>912,432</u>

<i>December 31, 2020</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 419,216	-	-	419,216
Exchange-Traded and Closed-End Funds	386,187	-	-	386,187
Beneficial interest in agency endowment fund	-	17,839	-	17,839
Partnership interest	-	-	12,536	12,536
Total investments at fair value	<u>\$ 805,403</u>	<u>17,839</u>	<u>12,536</u>	<u>835,778</u>

**Changes in Fair Value Levels**

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2021 and 2020, there were no significant transfers in or out of Levels 1, 2 or 3.

**Fair Value of Financial Instruments**

The Organization's significant financial instruments are cash and cash equivalents, investments and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Following is description of valuation methodologies used for assets and liabilities recorded at fair value:

Cash and cash equivalents, certificates of deposit, short-term receivables, accounts payable and accrued liabilities – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Investments in debt and equity securities – The fair value of investments in securities or mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

**Prepaid Expenses**

Prepaid expenses consist of service contract expenses paid in advance for operation in the subsequent year for insurance and rent deposits.

**Property, Equipment, and Depreciation**

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Estimated useful lives used in computing depreciation are as follows:

Building and improvements	15-30 Years
Furniture and equipment	5 Years

**Revenue Recognition**

The Organization has adopted ASC 606 Revenue from Contracts with Customers and ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made in accordance with accounting principles generally accepted in the United States of America.

The following summarizes the revenue recognition policies for major classifications of revenue:

**Contributions**

Contributions are reported when an unconditional promise to give or other asset is received (in accordance with ASC 958-605). All contributions are considered available for the Organization's general programs unless specifically restricted by the donor.

- Contributions of donated non-cash assets and are recorded at their fair values in the period received. Donated stocks, bonds or other securities are recorded at the fair market value on the date of the gift. Contributions with donor-imposed restrictions spent in the same year or in later periods as contributed are shown as initially donor restricted and released to without donor restriction in the Statement of Activities as the restriction expires. Amounts received that are designated for future periods or

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

- Contributions of donated professional services are recognized in the accompanying financial statements if the services received
  - create or enhance non-financial assets or
  - require specialized skills, are recorded at their fair values in the period received.
- Investment income that is limited to specific uses by donors are shown as initially donor restricted and released without donor restriction
- Gifts of long-lived assets are reported as support without donor restrictions unless the donor has restricted the use of the assets for specific purposes. Long-lived assets with explicit restrictions 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 about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lives assets are placed in service. Contributed long-lived assets are recorded at their fair market value on the date of receipt.
- Government Grants— grants contributions are typically recorded as restricted revenue based on either a purpose (program) restriction and/or a time restriction. Some grant contributions are recorded on a reimbursement basis. Specifically, when qualifying expenses are incurred, a receivable and grant revenue are recorded. The Organizations have no exchange type grants.

**Purchase of Services by Governmental Agencies**

**Conditional Contributions**

The Organization receives governmental grants to provide services to the public. The terms of these grants specify that the Organization must incur certain qualifying expenses or costs in compliance with the rules and regulations established by the grantor. These grant funds are paid predominately on a cost-reimbursement basis, but there can be upfront payments received at the beginning of the grant cycle. The advance payments are considered unearned revenue until services are provided. For expedient purposes, these amounts are recorded as revenue as the services will soon be provided and “trued up” at year-end, if necessary. Any advances of upfront payments must be returned, if unused. Any unused assets are forfeited, and any unallowed costs that have drawn down by the Organization are required to be refunded. These grants are determined to be conditional as they are required to be spent on qualifying expenses and therefore the revenue is recognized once the Organization has

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

incurred those qualifying expenses. These grants are recorded without donor restrictions. These types of revenues cover mentoring service and health and safety programs.

**Contract Revenue**

Contract revenue is recorded at the time the services are provided and the performance obligation is satisfied. The performance obligation is the delivery of the services over time provided to the participants in the program. The transaction price is established by the Organization and the Contractor per the agreement. No allocation of the transaction price of the services are necessary. The contract with the State of New Mexico is on a reimbursement basis. The recognition method is based on number of participants served, the output method. Specifically, when the Organization has incurred the expenses in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting contract revenue are recorded. Contract with the State of New Mexico covers one-on-one mentoring program.

**Donated Property, Materials and Services**

Donations of property, materials and services are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated services are recognized as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statement do not reflect the value of these services because they do not meet recognition criteria prescribed by the generally accepted accounting principles.

In 2009, Big Brothers Big Sisters Mountain Region made an agreement with Big Brothers Big Sisters of Central New Mexico Donation Center to share revenue from the collection and sale of donated clothing and other household items. Big Brothers Big Sisters of Central New Mexico is responsible for picking up all donated items and sharing the revenue with Big Brothers Big Sisters Mountain Region at the agreed upon amount.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

**Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and management and general services. Those expenses of more of an indirect nature or which benefit all programs are allocated based upon predetermined allocation factors. These expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Other shared expenses, including insurance, utilities, maintenance and repair and depreciation, are allocated based on an analysis of use of square footage.

**Compensated Absences**

The Organization's employees can accrue from 7.33 to 9 hours per pay period for paid time off for full time employees and part-time employees who work at least 8 hours in a pay period are able to accrue paid time off on a prorated basis as well. Employees are allowed to carry over up to 80 hours of paid time off to the next calendar year. The Organization has recorded \$27,455 and \$47,383 for compensated vacation absences at December 31, 2021 and 2020, respectively. Compensated absences are included in the Statements of Financial Position as accrued expenses.

**Advertising Cost**

The Organization uses advertising to promote its programs among the audiences it serves. The cost of advertising is expensed when incurred. The Organization does not participate in direct-response advertising, which require capitalization and amortization of related costs. The advertising expenses was \$7,915 and \$4,077 for years ended December 31, 2021 and 2020, respectively.

**Income Taxes**

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. However, taxes on unrelated business income, if any, are reported when paid.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely- than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021 and 2020, the Organization had no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2018.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

**Prior Year Summarized Comparative Totals**

The financial statements include certain prior year summarized comparative information in total but not in each 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. Accordingly, such information should be read in conjunction with Organization's financial statements for the year ended December 31, 2020 from which the summarized information was derived.

**Reclassifications**

Certain reclassifications were made to prior year balances to conform to current year presentation.

**Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The Organization has evaluated subsequent events through September 29, 2022, which is the date the financial statements were available to be issued.

**Note 3. Liquidity and Availability of Financial Resources**

Big Brothers Big Sisters regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. Big Brothers Big Sisters is substantially supported by grants and contracts, in which some are donor and time restricted. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Big Brothers Big Sisters must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of Big Brothers Big Sisters' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Big Brothers Big Sisters can invest cash in excess of daily requirements in short-term investments. Occasionally, if the opportunity arises, the board may designate a portion of any operation surplus to its liquidity reserve.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

Financial assets at year end	2021	2020
Cash and cash equivalents	\$ 645,127	326,048
Grants and contract receivable to be received during the next year	197,557	158,698
Pledges receivable to be received during the next year	31,673	13,206
Due from related parties expected to be received during the next year	1,901	73
Undrawn lines of credit and other debits	150,000	150,000
Financial assets available at year-end	1,026,258	648,025
Less amounts not available to be used within one year:		
Net assets with donor restrictions:		
Net assets with donor restrictions	26,290	13,206
Less net assets with purpose and time restrictions to be met in less than a year	(26,290)	(13,206)
Current assets available to meet cash needs for general expenditures within one year	\$ 1,026,258	648,025

**Note 4. Grants and Contracts and Promises to Give**

Big Brothers Big Sisters received the following grants and contracts for the years ended December 31, 2021 and 2020:

	2021	2020
NM CYFD	\$ 58,120	83,600
City of Santa Fe	40,250	32,920
BBBSA-OJJDP	42,161	10,773
Southwest Indian Foundation	15,000	-
BBBSA-MYIO	10,452	-
United Way	7,500	-
Santa Fe County	5,000	2,250
Con Alma Health Fund	5,000	-
Las Vegas NM Community Foundation	4,500	-
Other Foundation Grants	4,000	-
Other	3,732	1,555
City of Las Cruces	1,842	2,600
NM Cares Act	-	25,000
Total grants and contracts receivable	\$ 197,557	158,698

Promises to give consist of the following for the years ended December 31, 2021 and 2020:

<u>Pledges Receivable:</u>	2021	2020
One Give Campaign	\$ -	981
Annual Giving Campaign	16,883	-
Unconditional promises to give	14,790	12,225
Total pledges receivable, net	\$ 31,673	13,206

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

**Note 5. Beneficial Interest in Agency Endowment Fund**

In 1999, a donor gave \$5,250 to the Santa Fe Community Foundation (Foundation) under a designated endowment fund on behalf of Big Brothers Big Sisters. In 2010, the Foundation split the endowment fund into separate agency and designated endowment funds to properly record whether contributions came from Big Brothers Big Sisters or from other individuals on behalf of Big Brothers Big Sisters. Big Brothers Big Sisters retains a beneficial interest in the endowment fund held by the Foundation.

The Foundation has the sole and final authority and discretion as to the sale, resale, investment and reinvestment of the endowment fund. The Foundation "can modify any restriction on the distribution of funds, if, in their sole judgment, any restriction becomes obsolete, incapable of fulfillment, or inconsistent with the charitable intent expressed by Big Brothers Big Sisters, or with the exempt purposes of the Foundation." Big Brothers Big Sisters has the ability to seek court review if they believe that the Foundation has improperly exercised this power.

The earnings, when distributed, can be used to further develop program services.

FASB ASC 605-45, Revenue Recognition - Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others, establishes standards for transactions in which a donor transfers assets to a not-for-profit organization or charitable trust that accepts the contribution with the stipulation that the recipient organization use those assets on behalf of, the return on investment of those assets, or both, to the beneficiary that is specified by the donor.

Big Brothers Big Sisters records its interest in the fund at fair market value, which is a Level 2 measurement. FASB ASC 605-45 specifically requires a not-for-profit organization that establishes a fund at a community foundation with its own funds, that specifies itself as the beneficiary of that fund, and grants the community foundation unilateral variance power, must account for the transfer of such assets as an asset on its financial statements. Accordingly, Big Brothers Big Sisters has recognized the transfer to the Foundation as an asset. The Foundation's financial statements are audited on an annual basis. Big Brothers Big Sisters receives distributions at 5% of the market value based on a rolling average.



**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

Beneficial interest net asset composition by type of fund as of December 31,:

<u>Donor Restricted (Perpetually)</u>	<u>2021</u>	<u>2020</u>
Accumulated investment gains	\$ 9,387	7,564
Original gift amount	<u>10,275</u>	<u>10,275</u>
Total fund	<u>\$ 19,662</u>	<u>17,839</u>

The fair value of the beneficial interest and the net asset reconciliation for the years ended December 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 17,839	15,894
Contributions	302	1,165
Investment return, net	<u>1,823</u>	<u>780</u>
Total investment return	2,125	1,945
Withdrawals	<u>(302)</u>	<u>-</u>
Ending balance	<u>\$ 19,662</u>	<u>17,839</u>

Big Brothers Big Sisters is also the recipient of investment income in a designated endowment managed by the Santa Fe Community Foundation to support its mission. The value of this endowment at year-end has not been recorded in the accompanying financial statements as the Organization does not have control over the fund. The value of the endowment fund and the distributions the Organization received for the years ended are as follows:

	<u>2021</u>	<u>2020</u>
Value of endowment	\$ 81,260	72,294
Distributions received	\$ 1,823	-

**Note 6. Investments**

Quasi-Endowment/Endowment Funds

Big Brothers Big Sisters' quasi-endowment/endowment include funds designated by the board of directors to function as an endowment as well as perpetually restricted net assets. As required by generally accepted accounting principles, net assets associated with quasi-endowment/endowment funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors created a quasi-endowment with a financial institution to benefit the Organization. Income from the quasi-endowment/endowment is available to be distributed annually for general operating support of the Organization. The original donor restricted contribution of \$500,000 is recorded in perpetually restricted net assets. Refer to Note 10.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

Quasi-Endowment/Endowment Investment Objective

The Organization's primary objective in managing its quasi-endowment/endowment is to create a steady stream of revenue to support its mission; ensure that sufficient assets are available to assure liquidity of the Organization, seek to provide future cash for operations, projects and capital needs in providing services to generations of New Mexico's children and to achieve the highest total return with a reasonable level of risk.

Quasi-Endowment/Endowment Investments and Spending Policies

Big Brothers Big Sisters investment and spending policy for its quasi-endowment/endowment assets seeks to provide a predictable stream of funding to programs supported by the quasi-endowment/endowment while simultaneously maintaining the purchasing power of the endowment assets over time. The quasi-endowment/endowment represents a collection of individual endowments from benefactors and board designated funds that in the aggregate form a fund from which earnings will support the purposes of each endowment for generations to come.

Investment risk is measured in terms of the total fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Big Brothers Big Sisters adopted an Endowment Fund Investment Policy reflective of UPMIFA provisions and the Board's desire to balance near-term spending and investment returns in a manner that ensures current programs receive appropriate support while protecting the Endowment's future purchasing power from the effects of inflation. Under the policy, in future periods, endowed funds with deficiencies will be allowed to utilize accumulated realized and unrealized gains to fund spending appropriations, while spending rates will be adjusted from time to time as considered prudent in order to preserve future endowment purchasing power.

Big Brothers Big Sisters spending policy is that it will not expend any amounts until the quasi-endowment/endowment fund reaches \$1,000,000 as determined by the Board or receive an 80% vote from the Board to withdraw amounts prior to reaching the threshold.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

Quasi endowment/endowment net asset composition by type of fund as of December 31, 2021:

	Without donor restrictions (board designated)	With donor restrictions	Total
Quasi-endowment/endowment funds	\$ <u>380,234</u>	<u>500,000</u>	<u>880,234</u>

Quasi endowment/endowment net asset composition by type of fund as of December 31, 2020:

	Without donor restrictions (board designated)	With donor restrictions	Total
Quasi-endowment/endowment funds	\$ <u>305,403</u>	<u>500,000</u>	<u>805,403</u>

Quasi endowment/endowment net asset reconciliation as of December 31, 2021 and 2020 is as follows:

	2021	2020
Beginning balance	\$ 805,403	718,544
Interest and dividends	17,813	24,169
Net realized and unrealized gain (loss)	57,018	62,690
Contributions	-	-
General and administrative fees	-	-
Total investment return	<u>74,831</u>	<u>86,859</u>
Amounts appropriated for expenditure	-	-
Ending balance	\$ <u>880,234</u>	<u>805,403</u>

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

Investments in the quasi-endowment/endowment consist of the following:

<u>December 31, 2021</u>	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 363,524	413,556
Exchange-traded & closed-end funds	205,634	466,678
Total investments in marketable securities	\$ <u>569,158</u>	<u>880,234</u>

<u>December 31, 2020</u>	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 363,524	419,216
Exchange-traded & closed-end funds	205,634	386,187
Total investments in marketable securities	\$ <u>569,158</u>	<u>805,403</u>

**Partnership Interest**

During year ending December 31, 2020, the Organization received a donation of 0.136% share in a Partnership. The Organization does not have the ability to significantly influence the operating and financial policies of the for-profit entity. Fair value of the investment in the limited partnership is determined on the basis of a preliminary statement of account value from partnership at December 31, 2021. Redemption of shares in the limited partnership may take 60 to 90 days. The investment in limited partnership is measured at fair value using third-party pricing services for identical or similar assets (Level 3), with changes in fair value included in net income each reporting period.

Changes in Level 3 investments are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 12,536	-
Additions	-	12,536
Ending balance	\$ <u>12,536</u>	<u>12,536</u>

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

**Note 7. Property, Equipment, and Depreciation**

Property and equipment, net consist of the following:

<u>December 31</u>	<u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>2021</u>
Building and related improvements	\$ 404,375	8,296	-	412,671
Furniture, fixtures and equipment	6,008	30,349	-	36,357
Total property and equipment	410,383	38,645	-	449,028
Less accumulated depreciation	(198,906)	(17,820)	-	(216,726)
Property and equipment, net	\$ <u>211,477</u>	<u>20,825</u>	<u>-</u>	<u>232,302</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$17,820 and \$15,226, respectively.

**Note 8. Line of Credit**

The Organization maintains a line of credit agreement with a financial institution. The line provides borrowings up to \$150,000, accrues interest monthly at a variable interest rate equal to Prime Rate as published by Wall Street Journal plus 2.750 and floor of 7% resulting in current rate of 7%, and matures September 1, 2021. The line is secured by real property with a net book value of \$204,988 and \$210,575 at December 31, 2021 and 2020, respectively. The outstanding balance was \$0 as of December 31, 2021 and 2020.

**Note 9. Paycheck Protection Program Loan**

On April 14, 2020, Organization has entered into the Paycheck Protection Program and received a loan in the amount of \$210,853. The repayment terms were subject to Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT).

The Organization accounted for the PPP loan as a conditional contribution under FASB ASC 958-605. The Organization recognized the amount of \$210,853 as contribution in year 2020, as it believes all conditions of release have been substantially met.

There were no PPP funds received during year ended December 31, 2021.

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

**Note 10. Net Assets With Donor Restrictions (Purpose Restricted)**

Big Brothers Big Sisters Mountain Region maintain restricted funds for specific purposes/time.

Donor restricted funds are as follows:

Grantor	2020	Restricted Donations	Restrictions Released	2021	Purpose/Time
One Give Campaign	981	-	(981)	-	Time
Unconditional promises to give	12,225	14,790	(12,225)	14,790	Time
Other Foundation Grants	-	4,000	-	4,000	Time
United Way	-	7,500	-	7,500	Time
Perpetually Restricted					
Donor contribution to quasi-endowment/endowment	500,000	-	-	500,000	
Beneficial interest in agency endowment funds	17,839	1,823	-	19,662	
Total	\$ 531,045	28,113	(13,206)	545,952	

Donor restricted net assets were released during the fiscal year by incurring expenses satisfying the purpose or time restriction specified by donors.

**Note 11. Affiliation Fees**

Big Brothers Big Sisters Mountain Region has affiliation agreements with Big Brothers Big Sisters of America. These agreements require Big Brothers Big Sisters Mountain Region to make quarterly and monthly payments to Big Brothers Big Sisters of America. Affiliation fees to Big Brothers Big Sisters of America were \$19,348 and \$21,282 for the years ended December 31, 2021 and 2020, respectively.

**Note:12. Special Events**

Special events during years ended December 31, 2021 and 2020 were as follows:

2021	Special Events		
	Gross receipts	Less direct costs	Net income
Bowling Tournament	\$ 131,098	11,863	119,235
Annual Gala	56,568	13,971	42,597
Regional Events	55,540	25,484	30,056
Mudd Volley Ball	66,000	22,089	43,911
Golf Tournament	134,814	24,312	110,502
	\$ 444,020	97,719	346,301

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

2020	Special Events		
	Gross receipts	Less direct costs	Net income
Bowling Tournament	\$ 186,964	12,021	174,943
Annual Gala	93,462	19,571	73,891
Mudd Volley Ball	32,955	2,589	30,366
MCK Golf Tournament	59,360	5,867	53,493
LARA Golf Tournament	3,100	13,333	(10,233)
	<u>\$ 375,841</u>	<u>53,381</u>	<u>322,460</u>

**Note:13. In-Kind Contributions**

During the years ended December 31, 2021 and 2020, the Organization received in-kind donations as follows:

Type	2021	2020
Donated accounting services	\$ 23,793	14,858
Food and beverage	1,105	208
Donated facilities	-	-
Donated services	8,500	-
	<u>\$ 33,398</u>	<u>15,066</u>

All donations are used for the Organization's operations and programs.

**Note 14. Concentrations**

The Organization maintains cash with two financial institutions and none of the balances were in excess of the FDIC limit of \$250,000 as of December 31, 2021 or 2020.

Big Brothers Big Sisters entered into a contract with the New Mexico Children, Youth and Families Department (CYFD) from July 1, 2019 to June 30, 2020 for \$675,000 and from July 1, 2020 to June 30, 2021 for \$675,000.

Total amount expensed under the contract for the years ended December 31, 2021 and 2020 were as follows:

<u>December 31,</u>	2021	%	2020	%
NM CYFD	<u>\$ 668,813</u>	95%	<u>614,275</u>	96%
Total contract revenue	<u>\$ 701,930</u>		<u>638,320</u>	

**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

The amount recorded in accounts receivable for the years ended December 31, 2021 and 2020 were as follows:

<u>December 31,</u>	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
NM CYFD	\$ <u>83,600</u>	42%	<u>72,987</u>	46%
Total grants and contracts receivable	\$ <u>197,557</u>		<u>158,698</u>	

**Note 15. Commitments and Contingencies**

Lease Commitments

The Organization leases certain office space and office equipment accounted for as operating leases.

<u>Building Leases</u>	<u>Lease Term</u>	<u>Total</u>
Gallup, NM	Month to Month	\$ 12,000
Las Cruces, NM	Month to Month	13,200
Taos, NM	Month to Month	1,500
Silver City, NM	Month to Month	3,600
		<u>\$ 30,300</u>

  

<u>Equipment Leases</u>	<u>Lease Term</u>	<u>Total</u>
Copiers	5 Years	\$ 10,938
		<u>\$ 10,938</u>

The future minimum payments under the operating lease as of December 31, 2021 are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 9,222
2023	9,222
2024	9,222
2025	5,084
Thereafter	\$ -
	<u>32,750</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$41,238 and \$41,691, respectively.

Contingencies



**BIG BROTHERS BIG SISTERS MOUNTAIN REGION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021, With Comparative Totals for 2020**

From time to time, the Organization may have asserted and unasserted claims arising in the normal course of business. The Organization does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the consolidated financial statements.

Big Brothers Big Sisters depends heavily on contributions and grant revenue. The ability of certain Big Brothers Big Sisters contributors and grantors to continue giving amounts consistent with previous years may be dependent on overall economic conditions. Big Brothers Big Sisters' board of directors believes Big Brothers Big Sisters has the resources to continue its programs, however, its ability to do so and the extent to which it continues to do so may be dependent on economic factors. Amounts received from state contracts are subject to review or audit by the appropriate state agencies. There is the possibility of disallowed state contract billings. Management believes there are no material disallowed billings that would be required to be refunded.

**Note 16. Retirement Plan - Defined Contribution Plan**

The Organization sponsors a defined contribution plan (the Plan) covering all eligible employees who qualify under applicable participation requirements and agree to make contributions to the Plan. The Organization, in its discretion, matches participants' contributions to the Plan up to 5% of the individual participant's compensation. Total expense for the years ended December 31, 2021 and 2020 was \$24,952 and \$16,785, respectively.

**Note 17. Subsequent Events**

Management has evaluated subsequent events through September 29, 2022 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended December 31, 2021.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effect on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. While we expect this matter to possibly have a negative impact on the business and its operations, the related financial impacts cannot be reasonably estimated at this time.

As of September 29, 2022, cash flow is positive and the Organization has 6 months of operating expenses in the bank. Subsequent to year end December 31, 2021, BBBS received ERC credit of \$196,590. In the event it was required, the Organization has access to line of credit and its board-designated quasi-endowment funds.



**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**

The Board and Management of  
Big Brothers Big Sisters Mountain Region  
Santa Fe, New Mexico

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 the Big Brothers Big Sisters Mountain Region, (a nonprofit Organization) which comprise the statement of financial position as December 31, 2021, and the related statements of activities, 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 September 29, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

September 29, 2022

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, continued

---

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, P.C.  
Albuquerque, NM  
September 29, 2022

**BIG BROTHER BIS SISTERS MOUNTAIN REGION**  
**Schedule of Findings and Responses**  
**For The Year Ended December 31, 2021**

**SUMMARY OF FINDINGS**

<b>Reference #</b>	<b>Finding</b>	<b>Status of Current and Prior Year Findings</b>	<b>Type of Finding</b>
<b>PRIOR YEAR</b>			
None			
<b>CURRENT YEAR</b>			
None			

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting that does not rise to the Level of Significant Deficiency