

Big Brothers Big Sisters Mountain Region

FINANCIAL STATEMENTS

**December 31, 2022
(With Comparative Totals for 2021)**

BOARD OF DIRECTORS

Lindsay Mullins	President
Kelley Avery	Co-Vice President
Sarah Rogala	Co-Vice President
Vin Walden	Treasurer
Monica Leyba	Secretary
Sidney Barrett	Director
Michael Davis	Director
Timothy Gilliam	Director
Yale Jones	Director
Trevor Lewis	Director
Tom Madigan	Director
Leo Marquez II	Director
Ata Lth Chee Montaña	Director
Linda Siegle	Director
Liz Taylor	Director
Natalis Trouw	Director

ADMINISTRATION

David Sherman	Chief Executive Officer
Gina Trujillo	Business Manager

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters Mountain Region

Opinion

We have audited the financial statements of Big Brothers Big Sisters Mountain Region (the Organization) (a non-profit organization), which comprise the statement of financial position as of December 31, 2022 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 accompanying financial statements referred to present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 the 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 the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023 on our consideration of the Organization'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 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 effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2021, from which the summarized comparative information was derived, were audited by other auditors whose report dated September 29, 2022 expressed an unmodified opinion on those financial statements.

Pulakos CPAs PC

September 19, 2023

Pulakos CPAs, PC

Big Brothers Big Sisters Mountain Region

STATEMENTS OF FINANCIAL POSITION

Year Ended December 31, 2022
(With Comparative Totals for 2021)

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 837,930	\$ 645,127
Contracts and grants receivable, net	87,570	197,557
Pledges receivable, net	48,753	31,673
Prepaid expenses and other assets	6,245	7,027
Due from related parties	177	1,901
Total current assets	980,675	883,285
Noncurrent assets		
Investment-endowment/quasi-endowment	820,732	880,234
Beneficial interest in agency endowment funds	16,541	19,662
Partnership interest	10,205	12,536
Property and equipment, net	220,781	232,302
Total assets	\$ 2,048,934	\$ 2,028,019
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 29,290	\$ 52,710
Accrued expenses	63,593	69,786
Deferred revenue	-	10,645
Total current liabilities	92,883	133,141
Net assets		
Net assets without donor restrictions		
Undesignated	722,601	811,454
Board designated	668,156	532,089
Net assets with donor restrictions		
Temporary in nature	48,753	31,673
Perpetual in nature	516,541	519,662
Total net assets	1,956,051	1,894,878
Total liabilities and net assets	\$ 2,048,934	\$ 2,028,019

Big Brothers Big Sisters Mountain Region

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2022
(With Comparative Totals for 2021)

	2022		2022 Total	2021 Total
	Without Donor Restriction	With Donor Restriction		
Revenues and other support				
Contracts	\$ 575,611	\$ -	\$ 575,611	\$ 701,930
Governmental grants	498,137	-	498,137	243,393
Foundation and other grants	252,460	26,290	278,750	329,873
Contributions	321,069	16,883	337,952	291,501
Special events, net	372,988	-	372,988	324,175
Investment (loss) income, net	(172,506)	3,121	(169,385)	83,023
In-kind contributions	41,658	-	41,658	55,526
Interest and dividend income	3,167	-	3,167	83
Net assets released from from restrictions	32,335	(32,335)	-	-
 Total revenues and other support	 1,924,919	 13,959	 1,938,878	 2,029,504
Expenses				
Member services	1,553,352	-	1,553,352	1,171,035
 Total program services	 1,553,352	 -	 1,553,352	 1,171,035
Management and general				
General and administrative	166,787	-	166,787	172,190
Fundraising	157,564	-	157,564	261,310
 Total supporting services	 324,351	 -	 324,351	 433,500
 Total expenses	 1,877,703	 -	 1,877,703	 1,604,535
 Change in net assets	 47,216	 13,959	 61,175	 424,969
Net assets, beginning of year	1,343,541	551,335	1,894,876	1,469,909
Net assets, end of year	\$ 1,390,757	\$ 565,294	\$ 1,956,051	\$ 1,894,878

Big Brothers Big Sisters Mountain Region

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Member Services	General and Administrative	Fundraising	2022 Total Expenses	2021 Total Expenses
Salaries and wages	\$ 824,265	\$ 91,585	\$ 101,761	\$ 1,017,611	\$ 924,405
Payroll taxes and benefits	193,299	21,478	23,864	238,641	185,265
Professional fees	132,930	7,624	72,783	213,337	127,289
Rental and storage	44,531	5,396	5,498	55,425	68,965
Program activities	47,571	-	-	47,571	34,069
Telephone and internet	34,575	3,842	4,269	42,686	35,297
In-kind	27,103	3,749	4,166	35,018	2,242
Recruitment	34,212	-	-	34,212	24,134
Staff development and training	31,343	-	-	31,343	18,627
Affiliation fees	28,801	-	-	28,801	19,348
Information technology	23,221	2,580	2,867	28,668	28,574
Insurance	18,304	2,034	2,260	22,598	24,037
Dues and subscriptions	9,233	9,233	-	18,466	15,956
Supplies	14,419	1,602	1,780	17,801	40,951
Contract services	16,062	-	-	16,062	38,636
Occupancy fees	12,977	1,442	1,602	16,021	21,135
Miscellaneous	15,817	-	-	15,817	7,593
Annual giving costs	7,165	-	7,165	14,330	7,740
Computer and software	8,386	807	2,023	11,216	13,072
Board development	-	11,149	-	11,149	8,238
Credit card fees	4,521	703	4,521	9,745	12,170
Advertising	7,054	-	-	7,054	3,909
Travel and entertainment	1,111	1,736	1,111	3,958	20,827
Total expenses before depreciation	1,536,900	164,960	235,670	1,937,530	1,682,479
Depreciation expense	16,452	1,827	2,023	20,302	17,820
Less expenses included with revenue on the statements of activities: Direct expenses of fundraisers	-	-	(80,129)	(80,129)	(95,764)
Total expenses	\$ 1,553,352	\$ 166,787	\$ 157,564	\$ 1,877,703	\$ 1,604,535

Big Brothers Big Sisters Mountain Region

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2022
(With Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 61,175	\$ 424,969
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,302	17,820
Realized and unrealized losses (gains) on endowment funds	169,385	(76,700)
Realized and unrealized losses (gains) on beneficial interest asset held-by-others	3,121	(1,823)
Realized losses (gains) on investment in partnership	2,331	(4,500)
Changes in operating assets and liabilities		
Contracts and grant receivables, net	109,987	(38,859)
Pledges receivable, net	(17,080)	(18,467)
Prepaid expenses and other assets	782	841
Due from related parties	1,724	(1,828)
Accounts payable	(23,420)	16,855
Accrued expenses	(6,193)	22,100
Deferred revenue	(10,645)	10,645
	311,469	351,053
Cash provided by operating activities		
Cash flows from investing activities		
Distributions received from beneficial interest in agency endowment funds	-	2,171
Purchases of investments	(497,790)	-
Sales of investments	387,907	-
Distributions received from interest in partnership	-	4,500
Purchase of property and equipment	(8,783)	(38,645)
	(118,666)	(31,974)
Cash used by investing activities		
Change in cash and cash equivalents	192,803	319,079
Cash and cash equivalents, beginning of year	645,127	326,048
Cash and cash equivalents, end of year	\$ 837,930	\$ 645,127
Supplement disclosure of non-cash activities		
In-kind contributions	\$ 18,990	\$ 33,398
Total non-cash items	\$ 18,990	\$ 33,398

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 1 – 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 the Organization's revenue is derived from grants, contracts and contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Big Brothers Big Sisters have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires the Organization to report information regarding its financial position and activities accordingly to the following net asset classifications:

Net Assets Without Donor Restriction: 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.

The board has \$668,156 and \$532,089 designated in net assets as of December 31, 2022 and 2021, respectively. In 2022, \$300,000 has been designated for future purposes and \$368,156 has been designated for the endowment. In 2021, \$338,156 has been designated for the endowment as of 2021.

Net Assets with Donor Restriction: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage-of-time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported changes in net assets. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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 on 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, 2022 and 2021, respectively.

Pledges Receivable

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

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, 2022 and 2021, respectively. The Organization uses the direct write-off method when necessary. Historically these amounts have not been material to the financial statements as a whole.

Prepaid Expenses

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

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the financial statements. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statements and activities as increases or decreases in net assets without donor restriction unless the income or loss is restricted by donor or law.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements

Accounting principles generally accepted in the United States of America, establishes a framework for measuring fair value. The framework provides 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 (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include 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 for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Property, Equipment and Depreciation

All acquisitions of property and equipment in excess of \$5,000 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

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

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

Contributions and governmental grants and foundation and other grants

The Organization reports contributions of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Some grant contributions are recorded on a reimbursement basis. Specifically, when qualifying expenses are incurred, a receivable and grant revenue are recorded. The Organization has no exchange type grants.

Gifts on 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 or donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Contributed long-lived assets are recorded at their fair market value on the date of receipt.

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.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition – Continued

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 statements do not reflect the value of these services because they do not meet recognition criteria prescribed by the accounting principles generally accepted in the United States of America.

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.

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. Expense 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.

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. Advertising expenses were \$7,054 and \$3,909 for the years ended December 31, 2022 and 2021, respectively.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Organization is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions.

Joint Costs of Activities that Include a Fund-raising Appeal

The Organization achieves some of its programmatic and fundraising goals through events that have a fundraising appeal, as well as involve participation and mentoring of children currently utilizing the Organization's other programmatic services. The Organization incurred joint costs of \$170,174 and \$129,161 in 2022 and 2021, respectively, for costs incurred in organizing and operating these events. The Organization allocated approximately half of these costs to member services expense (program related) and half to fund raising expense.

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, 2021 from which the summarized information was derived.

Reclassifications

Certain 2021 balances have been reclassified to conform to the 2022 presentation. These reclassifications have no effect on total assets, total liabilities or the change in net assets.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition* to Topic 842; ASU 2018-10, *Codification Improvements* to Topic 842, *Leases*; ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases* (Topic 842): *Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statements of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption did not have a significant impact on the financial statements of the Organization.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

The Organization has evaluated all events occurring subsequent to December 31, 2022 and through September 19, 2023, which is the date that the financial statements were issued and has disclosed or recorded any events occurring during this period that require either recognition or disclosure in the accompanying financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 837,930	\$ 645,127
Contracts and grants receivable, net	87,570	197,557
Pledges receivable to be received during the next year	48,753	31,673
Due from related parties expected to be received during the next year	<u>177</u>	<u>1,901</u>
Total financial assets	<u>974,430</u>	<u>876,258</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 974,430</u>	<u>\$ 876,258</u>

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

December 31, 2022
(With Comparative Totals for 2021)

NOTE 4 – CONTRACTS AND GRANTS RECEIVABLE AND PROMISES TO GIVE

The Organization received the following grants and contracts for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
NM CYFD	\$ 43,700	\$ 58,120
BBBSA-OJJDP	13,315	42,161
City of Santa Fe	13,121	40,250
City of Las Cruces	8,559	1,842
Other	5,000	3,732
BBBSA-MYIO	3,875	10,452
Southwest Indian Foundation	-	15,000
United Way	-	7,500
Santa Fe County	-	5,000
Con Alma Health Fund	-	5,000
Las Vegas NM Community Foundation	-	4,500
Other foundation grants	-	4,000
	<u>87,570</u>	<u>197,557</u>
Total grants and contracts receivable	<u>\$ 87,570</u>	<u>\$ 197,557</u>

Promises to give consist of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pledges receivable:		
Regional events	\$ 10,950	\$ -
Annual Giving Campaign	14,359	16,883
Unconditional promises to give	<u>23,444</u>	<u>14,790</u>
	<u>48,753</u>	<u>31,673</u>
Total pledges receivable, net	<u>\$ 48,753</u>	<u>\$ 31,673</u>

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 5 – FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy the Organization’s assets at fair value as of December 31, 2022 and 2021:

Assets at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Exchange-traded and closed-end funds	\$ 820,732	\$ -	\$ -	\$ 820,732
Beneficial interest in agency endowment fund	-	16,541	-	16,541
Partnership interest	-	-	10,205	10,205
Total investments at fair value	<u>\$ 820,732</u>	<u>\$ 16,541</u>	<u>\$ 10,205</u>	<u>\$ 847,478</u>

Assets at Fair Value as of December 31, 2021				
	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>

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, 2022 and 2021, respectively.

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 closing price reported on the active market on which the individual securities are traded.

Beneficial interest in agency endowment fund: Fair value determined based on stated values.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 5 – FAIR VALUE MEASUREMENTS – CONTINUED

Partnership Interest: Measured at fair value using third-party pricing services for identical or similar assets.

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, 2022. Redemption of shares in the limited partnership may take 60 to 90 days.

Changes in Level 3 investments are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 12,536	\$ 12,536
Change in value	<u>(2,331)</u>	<u>-</u>
Ending balance	<u>\$ 10,205</u>	<u>\$ 12,536</u>

NOTE 6 – BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND

In 1999, a donor gave \$5,250 to the Santa Fe Community Foundation (the 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 the Organization or from other individuals on behalf of the Organization. The Organization 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 exercise this power.

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

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 6 – BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND – CONTINUED

U.S. GAAP 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. In accordance with U.S. GAAP the Organization has recognized the transfer to the Foundation as an asset.

Big Brothers Big Sisters records its interest in the fund at fair market value, which is a Level 2 measurement. 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.

Beneficial interest net asset composition by type of fund as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Donor restricted (perpetually)		
Accumulated investment gains	\$ 6,266	\$ 9,387
Original gift amount	<u>10,275</u>	<u>10,275</u>
Total fund	<u>\$ 16,541</u>	<u>\$ 19,662</u>

The fair value of the beneficial interest and the net asset reconciliation for the years ended December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 19,662	\$ 17,839
Contributions	1,105	302
Investment return, net	<u>(3,849)</u>	<u>1,823</u>
Total (loss) investment return	(2,744)	2,125
Withdrawals	<u>(377)</u>	<u>(302)</u>
Ending balance	<u>\$ 16,541</u>	<u>\$ 19,662</u>

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 6 – BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND – CONTINUED

The Organization is also the recipient of investment income in a designated endowment managed by the 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>2022</u>	<u>2021</u>
Value of endowment	\$ 70,587	\$ 81,260
Distributions received	3,569	1,823

NOTE 7 – QUASI-ENDOWMENT/ENDOWMENT FUNDS

Quasi-Endowment/Endowment Funds

The Organization 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 accounting principles generally accepted in the United States of America 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.

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. 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 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.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 7 – QUASI-ENDOWMENT/ENDOWMENT FUNDS – CONTINUED

Interpretation of Relevant Law – Continued

Additionally, in accordance with UPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds (1) duration and preservation of the fund, (2) purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) investment policies of the Organization.

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

The Organization has adopted 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. 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.

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.

The Organization 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 received an 80% vote from the Board to withdraw amounts prior to reaching the threshold.

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 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.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 7 – QUASI-ENDOWMENT/ENDOWMENT FUNDS – CONTINUED

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, 2022 and 2021, respectively. 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.

Quasi-endowment/endowment net assets composition by type of fund as of December 31, 2022:

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Quasi-endowment/endowment funds	<u>\$ 368,156</u>	<u>\$ 500,000</u>	<u>\$ 868,156</u>

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

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Quasi-endowment/endowment funds	<u>\$ 532,089</u>	<u>\$ 500,000</u>	<u>\$ 1,032,089</u>

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 7 – QUASI-ENDOWMENT/ENDOWMENT FUNDS – CONTINUED

Quasi endowment/endowment net asset reconciliation as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,032,089	\$ 805,403
Interest and dividends	29,780	17,813
Net realized and unrealized (loss) gain	<u>(193,713)</u>	<u>58,873</u>
Total investment (loss) gain return	(163,933)	76,686
Board contributions to quasi-endowment	<u>-</u>	<u>150,000</u>
Ending investment balance	<u>\$ 868,156</u>	<u>\$ 1,032,089</u>

NOTE 8 – PROPERTY AND EQUIPMENT, NET

	<u>2022</u>	<u>2021</u>
Building and related improvements	\$ 421,452	\$ 412,671
Furniture, fixtures and equipment	<u>36,357</u>	<u>36,357</u>
	485,385	449,028
Less accumulated depreciation	<u>(237,028)</u>	<u>(216,726)</u>
Total property and equipment	<u>\$ 220,781</u>	<u>\$ 232,302</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$20,302 and \$17,820 respectively.

NOTE 9 – LINE-OF-CREDIT

The Organization maintains a line-of-credit agreement with a financial institution. The line provides borrowings up to \$100,000, accrues interest monthly at a variable interest rate equal to Prime Rate as published by Wall Street Journal plus 2.50 and floor of 6% and matures June 14, 2024. There was no balance as of December 31, 2022 and 2021, respectively.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

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

Donor restricted funds are as follows:

<u>Grantor</u>	<u>2022</u>	<u>2021</u>
Unconditional promises to give	\$ 21,575	\$ 20,173
Other foundation grants	27,178	4,000
United Way	-	7,500
Perpetually Restricted		
Donor contributions to quasi-endowment/endowment	500,000	500,000
Beneficial interest in agency endowment funds	<u>16,541</u>	<u>19,662</u>
Total	<u>\$ 565,294</u>	<u>\$ 551,335</u>

Donor restricted net assets were released during the fiscal year by incurring expenses satisfying the purpose or time restriction specified by donors. Net assets released from restrictions were \$32,335 and \$13,206 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11 – AFFILIATION FEES

The Organization has affiliation agreements with Big Brothers Big Sisters of America. These agreements require the Organization to make quarterly and monthly payments to Big Brothers Big Sisters of America. Affiliation fees to Big Brothers Big Sisters of America. Affiliation fees to Big Brothers Big Sisters of America were \$28,801 and \$19,348 for the years ended December 31, 2022 and 2021, respectively.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 12 – SPECIAL EVENTS

Special events during years ended December 31, 2022 and 2021 were as follows:

<u>2022</u>	<u>Gross Receipts</u>	<u>Less Direct Costs</u>	<u>Net Income</u>
Bowling tournament	\$ 104,037	\$ 12,000	\$ 92,037
Annual gala	525	-	525
Regional events	114,710	26,900	87,810
Mudd volleyball	68,445	14,317	54,128
Golf tournament	165,400	26,912	138,488
	<u>\$ 453,117</u>	<u>\$ 80,129</u>	<u>\$ 372,988</u>

<u>2021</u>	<u>Gross Receipts</u>	<u>Less Direct Costs</u>	<u>Net Income</u>
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 volleyball	66,000	22,089	43,911
Golf tournament	112,688	24,312	88,376
	<u>\$ 421,894</u>	<u>\$ 97,719</u>	<u>\$ 324,175</u>

NOTE 13 – IN-KIND CONTRIBUTIONS

During the years ended December 31, 2022 and 2021, the Organization received in-kind donations for goods and services of \$41,658 and \$55,526, respectively. All donations are used for the Organization's operations and programs.

NOTE 14 – 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, 2022 and 2021 was \$23,422 and \$24,952, respectively.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

December 31, 2022
(With Comparative Totals for 2021)

NOTE 15 – CONCENTRATIONS

Major Donors

The Organization received grants from one major donor totaling \$520,950 and \$668,813 for the years ended December 31, 2022 and 2021, respectively. Grant receivables were \$43,700 and \$83,600 as of December 31, 2022 and 2021, respectively.

Concentrations of Credit Risk

Cash and investment balances are maintained at various financial institutions. Accounts at each institution may at times exceed federally or commercially insured limits. The Organization has not experienced any losses from, and believes it is not exposed to, significant credit risk from these deposits.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Contingencies

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 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.

Lease Commitments

The Organization has various leases for office space in Taos, NM; Silver City, NM; Las Cruces, NM; and Gallup, NM that all month-to-month in nature. The Organization does not record lease liabilities or right of use assets for leases with an initial term of 12 months or less, and therefore, no such items have been recorded as of December 31, 2022 or 2021, respectively.

Rental expense was \$42,241 and \$41,238 for in 2022 and 2021, respectively.

Big Brothers Big Sisters Mountain Region

NOTES TO FINANCIAL STATEMENTS

**December 31, 2022
(With Comparative Totals for 2021)**

NOTE 17 – EMPLOYEE RETENTION CREDIT

In 2021, the Organization filed for the Employee Retention Credit pursuant to the CARES Act. The credit is based on a percentage of wages paid by eligible employers during defined time periods, with eligibility being determined based on several factors, including reduction in gross receipts and suspension or reduction of operations due to COVID-19. The Organization had elected to account for this transaction as a conditional contribution, pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Financial Statements for Not-For-Profit Organizations – Revenue Recognition*. Accordingly, the Organization recorded governmental grant revenue of \$306,248 and zero in 2022 and 2021, respectively.

**INDEPENDENT AUDITORS' 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**

Board of Directors of
Big Brothers Big Sisters Mountain Region

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 Mountain Region (the Organization), which comprise the statement of financial position as of December 31, 2022, 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 19, 2023.

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 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 Organization'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 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 from 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 results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pulakos CPAs PC

September 19, 2023

Pulakos CPAs, PC

Big Brothers Big Sisters Mountain Region

SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS

December 31, 2022

Current Year

None

Prior Year:

None