

**BIG BROTHERS BIG SISTERS OF ORANGE  
COUNTY AND THE INLAND EMPIRE, INC.  
(A NONPROFIT ORGANIZATION)**

**CONSOLIDATED FINANCIAL STATEMENTS**

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June 30, 2024

(with Comparative Totals for 2023)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Big Brothers Big Sisters of Orange County and the Inland Empire, Inc.  
Santa Ana, California

### Opinion

We have audited the accompanying consolidated financial statements of Big Brothers Big Sisters of Orange County and the Inland Empire, Inc. (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

## **Report on Summarized Comparative Information**

We have previously audited Big Brothers Big Sisters of Orange County and the Inland Empire, Inc.'s 2023 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated September 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Irvine, California  
October 1, 2024

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
**(A Nonprofit Organization)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**ASSETS**

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,419,581	\$ 3,877,845
Investments	18,736,220	16,903,130
Grants and contributions receivable	1,139,770	1,021,790
Deferred rent receivable	58,506	65,254
Prepaid expenses and other assets	591,257	524,827
Operating right-of-use asset	-	115,696
Property and equipment, net	7,367,179	7,544,995
<b>TOTAL ASSETS</b>	<b>\$ 31,312,513</b>	<b>\$ 30,053,537</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 112,940	\$ 129,141
Accrued expenses	609,077	582,943
Operating lease liability	-	117,265
Deferred revenue	298,105	373,749
Note payable	3,138,806	3,294,437
	4,158,928	4,497,535
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>		
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>27,153,585</b>	<b>25,556,002</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 31,312,513</b>	<b>\$ 30,053,537</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
**(A Nonprofit Organization)**

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>	<b>2023</b>
<b>REVENUE</b>		
Grants and contributions	\$ 6,489,316	\$ 5,178,802
Special events, net	2,085,563	1,880,105
Rental income	606,505	623,289
Employee Retention Credits	1,040,814	977,011
Miscellaneous income	80,759	33,161
Donated services	30,000	57,500
	<u>10,332,957</u>	<u>8,749,868</u>
<b>EXPENSES</b>		
Program services	8,848,619	7,576,950
Management and general	1,091,306	925,232
Fundraising	757,348	697,433
	<u>10,697,273</u>	<u>9,199,615</u>
<b>OTHER INCOME</b>		
Investment return, net	1,961,899	1,439,169
<b>CHANGE IN NET ASSETS</b>	1,597,583	989,422
<b>NET ASSETS, WITHOUT DONOR RESTRICTION, BEGINNING OF YEAR</b>	<u>25,556,002</u>	<u>24,566,580</u>
<b>NET ASSETS, WITHOUT DONOR RESTRICTION, END OF YEAR</b>	<u>\$ 27,153,585</u>	<u>\$ 25,556,002</u>

The accompanying notes are an integral part of these consolidated financial statements.

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
**(A Nonprofit Organization)**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	<u>2024</u>				<u>2023</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 5,268,907	\$ 685,930	\$ 428,364	\$ 6,383,201	\$ 5,536,823
Employee benefits and payroll taxes	<u>801,438</u>	<u>104,335</u>	<u>65,157</u>	<u>970,930</u>	<u>855,445</u>
Total personnel costs	6,070,345	790,265	493,521	7,354,131	6,392,268
Donated services	30,000	-	-	30,000	57,500
Program activities	1,225,504	-	-	1,225,504	896,543
Professional fees	117,150	44,516	40,348	202,014	180,039
Occupancy and rent	167,998	13,540	13,950	195,488	183,252
Interest	-	122,951	-	122,951	128,378
Insurance	112,949	12,356	8,844	134,149	104,613
Administration and office	72,459	7,572	5,478	85,509	75,307
Information technology	103,134	11,068	7,870	122,072	92,166
Utilities and telephone	152,194	16,258	12,301	180,753	198,847
Dues and subscriptions	57,130	-	-	57,130	50,090
Miscellaneous	56,344	3,736	48,125	108,205	96,975
Building maintenance	238,189	25,440	19,896	283,525	234,507
Marketing and development	47,536	-	73,902	121,438	60,969
Repairs and maintenance	75,982	8,115	6,347	90,444	79,483
Taxes and fees	16,302	1,741	1,362	19,405	21,002
Depreciation and amortization	<u>305,403</u>	<u>33,748</u>	<u>25,404</u>	<u>364,555</u>	<u>347,676</u>
<b>Total</b>	<u>\$ 8,848,619</u>	<u>\$ 1,091,306</u>	<u>\$ 757,348</u>	<u>\$ 10,697,273</u>	<u>\$ 9,199,615</u>

The accompanying notes are an integral part of these consolidated financial statements.



**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
(A Nonprofit Organization)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	For the Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,597,583	\$ 989,422
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	364,555	347,676
Amortization of operating right-of-use asset	115,696	135,261
Loss on disposal of assets	-	983
Realized and unrealized investment gain	(1,228,371)	(969,512)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(117,980)	32,870
Deferred rent receivable	6,748	(44,614)
Prepaid expenses and other assets	(66,430)	(387,954)
Accounts payable	(16,201)	56,691
Accrued expenses	26,134	(18,924)
Operating lease liabilities	(117,265)	(133,692)
Deferred revenue	(75,644)	226,113
Net Cash Provided By Operating Activities	488,825	234,320
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(186,739)	(163,841)
Purchases of investments	(8,754,928)	(3,919,784)
Proceeds from sales and maturities of investments	8,150,209	872,302
Net Cash Used By Investing Activities	(791,458)	(3,211,323)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable	(155,631)	(150,204)
Net Cash Used By Financing Activities	(155,631)	(150,204)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(458,264)	(3,127,207)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	3,877,845	7,005,052
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 3,419,581	\$ 3,877,845
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Income taxes paid	\$ 19,405	\$ 21,002
Interest paid	\$ 122,951	\$ 128,378

The accompanying notes are an integral part of these consolidated financial statements.

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
**(A Nonprofit Organization)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 1 – Nature of Organization**

Big Brothers Big Sisters of Orange County and the Inland Empire, Inc. (BBBSOCIE), dba Big Brothers Big Sisters of Orange County and Big Brothers Big Sisters of the Inland Empire is a California nonprofit corporation formed to provide one-to-one mentors for children in great need to strengthen self-esteem, improve academic success, and pursue a purposeful future.

In September of 2014, to facilitate the acquisition of a new operating facility, BBBSOCIE formed a new California nonprofit corporation, BBBSOC QALICB, Inc. (QALICB), in which BBBSOCIE is the sole member. Through the use of the U.S. Department of the Treasury's New Market Tax Credit Program, BBBSOCIE purchased the operating facility and contemporaneously entered into a 99-year lease agreement with QALICB, with an upfront payment of \$7,000,000. Of the \$7,000,000, \$4,000,000 was allocated to the building on QALICB's records and recorded as a financing lease, and \$3,000,000 was allocated to the land on BBBSOCIE's records and recorded as an operating lease. As part of the lease, QALICB acquired the rights to all tenant revenue from the new building and took financial responsibility for the building improvements. BBBSOCIE then leased a portion of the building back from QALICB in a lease agreement that expires in December 2045.

BBBSOCIE has an auxiliary, Angelitos de Oro (ADO), which performs fundraising activities on its behalf.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Consolidation***

The accompanying consolidated financial statements include the accounts of BBBSOCIE and QALICB (collectively, the Organization). All intercompany amounts and transactions have been eliminated in consolidation.

***Basis of Presentation***

The accompanying consolidated 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).

***Financial Statement Presentation***

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

***Without Donor Restrictions*** – Net assets that are not subject to donor-imposed restrictions. The Organization's board of directors may designate net assets without restrictions for general operational purposes from time to time.

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
**(A Nonprofit Organization)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Financial Statement Presentation (Continued)***

***With Donor Restrictions*** – Net assets subject to donor-imposed restrictions that are temporary in nature that will be met by actions of the Organization or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as satisfaction of purpose and time restrictions. Other donor restrictions are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. As of June 30, 2024 and 2023 the Organization did not have any net assets restricted in perpetuity.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash consists of cash and cash equivalents not held for investment purposes. Cash and cash equivalents held for investment purposes, which includes money market funds and time deposits, are included in investments on the consolidated statement of financial position as they are not anticipated to be used to cover general expenditures and are a part of the Organization's investment strategy.

***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, based on quoted market prices. Realized and unrealized gains and losses have been netted on the consolidated statement of activities. The investment return presented on the consolidated statement of activities is presented as net of investment expenses. (See Note 5.) There were no investment expenses for the years ended June 30, 2024 and 2023.

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
**(A Nonprofit Organization)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Grants and Contributions Receivable***

Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at net realizable value; pledges that are expected to be collected over periods in excess of one year are discounted to net present value using risk-free interest rates applicable to the years in which the pledges are received. Discounts on unconditional pledges are amortized from the date the pledge was initially recognized to the date the contribution is received. As of June 30, 2024 and 2023 all pledges were due within one year.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Accounts are charged to the allowance for uncollectible accounts as they are deemed uncollectible. The Organization has determined all grants and contributions receivable as of June 30, 2024 and 2023 to be collectible and, as a result, there was no allowance for uncollectible promises to give as of June 30, 2024 and 2023. Discount amortization is recognized as contributions.

***Concentrations of Credit Risk***

Certain financial instruments held by the Organization potentially subject the Organization to concentrations of credit risk. These financial instruments include cash and cash equivalents, receivables, and investments.

The Organization places its cash and cash equivalents with high-credit, quality financial institutions. At times, such cash may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash and cash equivalents.

With respect to grants and contributions receivable, the Organization routinely assesses the financial strength of its donors and, as a consequence, believes that the receivable credit risk exposure is limited.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Approximately 34% of the Organization's total receivable at June 30, 2024 were from one donor. Revenue earned during the year from this donor accounted for approximately 7% of the Organization's total revenue and support.

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Fair Value Measurements***

As defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 820, *Fair Value Measurements and Disclosures* (ASC 820), 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. In determining fair value, the Organization uses the market approach. Based on this approach, the Organization utilizes certain assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value.

- Level 1**            Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets
  
- Level 2**            Includes other inputs that are directly or indirectly observable in the marketplace
  
- Level 3**            Unobservable inputs which are supported by little or no market activity

For the years ended June 30, 2024 and 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent.

***Property and Equipment***

Property and equipment include leasehold improvements and furniture and fixtures used in the operations of the Organization. Property and equipment are stated at cost, if purchased, or fair market value at the date of donation, if donated. Normal repairs and maintenance are expensed as incurred, while additions, renewals, and betterments that materially increase values or extend useful lives are capitalized and depreciated over the estimated remaining useful lives of the related assets.

Depreciation and amortization on all other property and equipment is computed with the straight-line method over the following estimated useful lives of assets:

Building improvements	10-30 years
Furniture and fixtures	3-5 years

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
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**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Impairment of Long-Lived Assets***

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such a review indicates that the carrying amount of an asset may not be recoverable, an impairment loss is recognized for the excess of the carrying amount over the fair value of an asset to be held and used or over the fair value, less cost to sell an asset to be disposed. The Organization has determined that there is no impairment of long-lived assets for the years ended June 30, 2024 and 2023.

***Grants and Contributions***

Grants and contributions are reported in the period earned, at the amount reasonably expected to be collected, and as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expiration of donor restrictions on net assets with donor restrictions are reported as net assets released from restrictions on the consolidated statement of activities. All funds the Organization receives in advance of fulfilling its performance obligations are presented as deferred revenue in the accompanying consolidated statement of financial position.

***In-Kind Contributions***

Support arising from donated services is recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In addition, the Organization receives a significant amount of donated services from unpaid volunteers that are essential to the completion of the Organization’s purposes. However, these services do not meet the accounting criteria necessary for recognition and, therefore, have not been recorded in the consolidated financial statements. The Organization recognizes contributions of property and equipment as in-kind support on the consolidated statement of activities at fair value.

In-kind contributions made during the year ended June 30, 2024 are as follows:

<u>Type</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Legal costs \$	30,000	Legal Services	None	The Organization estimated the fair value on the basis of comparable attorney rates

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Special Events***

During the years ended June 30, 2024 and 2023, the Organization held events that generated revenue from sponsorships, ticket sales, and donations. Revenue and direct expenses for these events were as follows for the years ending June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Revenue	\$ 2,779,058	\$ 2,651,730
Direct expenses	(693,495)	(771,625)
Net special events income	\$ 2,085,563	\$ 1,880,105

***Functional Allocation of Expenses***

The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, and employee benefits are allocated based on time and effort of employees and are used to allocate all indirect expenses. Administration, office, dues, and subscriptions are first allocated directly and the remaining indirect expenses are allocated based on the time and effort of employees. All other expenses are indirectly allocated based on the time and effort of employees.

<b>Expense</b>	<b>Method of Allocation</b>
Personnel costs	Time and effort
Occupancy and rent	Usage
Depreciation and amortization	Usage

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Income Taxes***

The Organization has been designated as tax-exempt under Internal Revenue Code (the Code) Section 501(c)(3), is also exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code, and is not generally subject to federal or state income taxes. However, the Organization is subject to income taxes on any net income that is derived from a trade or business regularly carried on and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as, in the opinion of management, the net income from any unrelated trade or business is not material to the basic consolidated financial statements taken as a whole.

The Organization adopted FASB ASC Topic No. 740, *Accounting for Uncertainty in Income Taxes* (ASC 740). In accordance with ASC 740, the Organization recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes the potential accrued interest and penalties related to uncertain tax positions in income tax expense. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

***Recently Adopted Accounting Pronouncements***

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13) and its related amendments. ASU 2016-13 requires the measurement of all expected credit losses for financial assets, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU specifically excludes contributions receivable and all investments that are held by the Organization. As a result, the Organization adopted ASU 2016-13 and there was no material effect on the consolidated financial statements.

***Subsequent Events***

Subsequent events have been evaluated through October 1, 2024, which is the date the consolidated financial statements were available to be issued.



**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
**(A Nonprofit Organization)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 3 – Financial Assets and Liquidity Resources**

The following reflects the Organization’s financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions as of June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,419,581	\$ 3,877,845
Investments	18,736,220	16,903,130
Grants and contributions receivable	1,139,770	1,021,790
Deferred rent receivable	58,506	65,254
Financial assets available for general expenditure within one year	\$ 23,354,077	\$ 21,868,019

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 4 – Investments**

The following table summarizes the Organization's investments by the fair value hierarchy:

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Corporate stocks	\$ 934,054	\$ -	\$ -	\$ 934,054
Mutual funds:				
Equities	8,659,356	-	-	8,659,356
Bonds	6,017,502	-	-	6,017,502
Fixed income	-	3,043,282	-	3,043,282
Investment pool	-	-	82,026	82,026
	<u>\$ 15,610,912</u>	<u>\$ 3,043,282</u>	<u>\$ 82,026</u>	<u>\$ 18,736,220</u>
	As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Corporate stocks	\$ 1,484,601	\$ -	\$ -	\$ 1,484,601
Mutual funds:				
Equities	7,596,690	-	-	7,596,690
Bonds	5,062,978	-	-	5,062,978
Treasury bills	2,684,935	-	-	2,684,935
Investment pool	-	-	73,926	73,926
	<u>\$ 16,829,204</u>	<u>\$ -</u>	<u>\$ 73,926</u>	<u>\$ 16,903,130</u>

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**NOTE 4 – Investments (Continued)**

Investment return consisted of the following for the years ended:

	June 30,	
	2024	2023
Dividends and interest	\$ 781,882	\$ 509,046
Realized and unrealized gains on investments	1,228,371	969,512
Investment fees	(48,354)	(39,389)
	<b>\$ 1,961,899</b>	<b>\$ 1,439,169</b>

**NOTE 5 – Property and Equipment**

The Organization's property and equipment consisted of the following as of:

	June 30,	
	2024	2023
Land	\$ 3,000,000	\$ 3,000,000
Building and improvements	6,554,932	6,429,242
Furniture and equipment	926,921	835,145
Construction in progress	-	48,240
	10,481,853	10,312,627
Less accumulated depreciation and amortization	(3,114,674)	(2,767,632)
	<b>\$ 7,367,179</b>	<b>\$ 7,544,995</b>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$364,555 and \$347,676, respectively.

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**NOTE 6 – Notes Payable**

The Organization's loan payable to the Bank of \$4,400,000 was amended on September 30, 2021, bearing interest at 3.75%, and matures on September 28, 2024. As of June 30, 2024, the outstanding principal balance of the loan payable was \$3,138,806. The Organization is in the process of negotiating a refinancing agreement with the financial institution. The refinancing agreement is expected to extend the note through September 2039 and to be completed during September 2024.

**NOTE 7 – Leasing Arrangements as a Lessee**

The Organization leases its office space in Riverside, California under an operating lease. The initial term of the lease was for three years. During 2024 the amendments to the initial lease expired, and a new lease agreement was entered into that is short-term in nature. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the consolidated statement of financial position, which include amounts for operating leases as of June 30, 2024 and 2023:

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Operating lease right-of-use assets	\$ -	\$ 115,696
Current portion of operating lease liabilities	\$ -	117,265
Long-term portion of operating lease liabilities	-	-
	\$ -	\$ 117,265

The components of operating lease expenses that are included in “Occupancy and rent” in the consolidated statement of functional expenses were as follows:

	<b>For the Year Ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Operating lease costs	\$ 116,947	\$ 140,336

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**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 7 – Leasing Arrangements as a Lessee (Continued)**

The following table summarizes the supplemental cash flow information for the years ended June 30, 2024 and 2023:

	<b>For the Year Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 118,516	\$ 138,767
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ -	\$ 250,957

The weighted-average remaining lease term and discount rate as of June 30, 2024 and 2023 were as follows:

	<b>For the Year Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Weighted-average remaining lease term - operating leases	-	0.67 years
Weighted-average discount rate - operating leases	-	2.84%

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**NOTE 8 – Leasing Arrangements as a Lessor**

The Organization leases office space to tenants under noncancelable operating leases as of June 30, 2024, as follows:

<u>Lease Location</u>	<u>Monthly Rent</u>	<u>Expiration Date of Lease</u>
Lease A	\$ 11,082	July 2025
Lease B	5,119	June 2025
Lease C	8,036	October 2027
Lease D**	5,475	December 2026
Lease E	7,717	June 2025
Lease F*	6,695	January 2026
Lease G	3,323	June 2029
Lease H	<u>6,136</u>	August 2025
	<u>\$ 53,583</u>	

\*Tenant has the right to cancel with 90 days notice and a \$25,000 cancellation fee

\*\*Combined between old tenant and new tenant

During the year a new tenant entered into a lease agreement starting August 1, 2024 where they will take over almost half of the suite from Lease F. Lease F's monthly payment will be reduced by the amount of the new lease. Future minimum receipts estimated under existing noncancelable operating leases are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 634,682
2026	289,655
2027	214,193
2028	84,376
2029	<u>46,860</u>
	<u>\$ 1,269,766</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 9 – Commitments and Contingencies**

***Legal Matters***

In the ordinary course of business, the Organization may be involved in legal proceedings and regulatory investigations. Management believes that the outcome of such matters existing at June 30, 2024 will be resolved without material adverse effect on the Organization's future financial position, changes in net assets, or cash flows.

**NOTE 10 – Employee Retention Credit**

The Employee Retention Credit (ERC) was enacted in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ERC is a refundable tax credit against certain employment related taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 2020 through September 2021. During the years ended June 30, 2024 and 2023, the Organization recorded \$1,040,814 and \$977,011 of refundable ERC claimed under provisions of the CARES Act in the accompanying and consolidated statement of activities. These amounts were recognized in revenue as they were received.

**NOTE 11 – Retirement Benefits**

The Organization has a 403(b) plan covering all employees. The Organization matches 30% of the first 10% of employee contributions to the plan. The Organization's contributions in the participants' account balances become fully vested after three years. For each of the years ended June 30, 2024 and 2023, the Organization's matching contributions were approximately \$28,000.

**SUPPLEMENTARY INFORMATION**



**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
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**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

	<b>BBBSOCIE</b>	<b>QALICB</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,104,454	\$ 315,127	\$ -	\$ 3,419,581
Investments	19,057,220	-	(321,000)	18,736,220
Grants and contributions receivable	1,139,770	-	-	1,139,770
Deferred rent receivable	-	58,506	-	58,506
Prepaid expenses and other assets	231,676	3,079,274	(2,719,693)	591,257
Property and equipment, net	3,138,051	4,229,128	-	7,367,179
<b>TOTAL ASSETS</b>	<b>\$ 26,671,171</b>	<b>\$ 7,682,035</b>	<b>\$ (3,040,693)</b>	<b>\$ 31,312,513</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 112,940	\$ -	\$ -	\$ 112,940
Accrued expenses	553,663	55,414	-	609,077
Deferred revenue	3,000,295	17,503	(2,719,693)	298,105
Note payable	3,138,806	-	-	3,138,806
	<b>6,805,704</b>	<b>72,917</b>	<b>(2,719,693)</b>	<b>4,158,928</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 10)</b>				
<b>NET ASSETS</b>				
Without donor restrictions	19,865,467	7,609,118	(321,000)	27,153,585
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 26,671,171</b>	<b>\$ 7,682,035</b>	<b>\$ (3,040,693)</b>	<b>\$ 31,312,513</b>

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
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**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>BBBSOCIE</u>	<u>QALICB</u>	<u>Eliminations</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Grants and contributions	\$ 6,489,316	\$ -	\$ -	\$ 6,489,316
Special events, net	2,085,563	-	-	2,085,563
Rental income	30,303	788,285	(212,083)	606,505
Employee Retention Credits	1,040,814	-	-	1,040,814
Miscellaneous income	72,597	8,162	-	80,759
Donated services	30,000	-	-	30,000
	<u>9,748,593</u>	<u>796,447</u>	<u>(212,083)</u>	<u>10,332,957</u>
<b>EXPENSES</b>				
Program services	8,230,074	830,628	(212,083)	8,848,619
Management and general	879,667	211,639	-	1,091,306
Fundraising	687,986	69,362	-	757,348
	<u>9,797,727</u>	<u>1,111,629</u>	<u>(212,083)</u>	<u>10,697,273</u>
<b>OTHER INCOME</b>				
Investment return, net	1,961,899	-	-	1,961,899
<b>CHANGE IN NET ASSETS</b>	1,912,765	(315,182)	-	1,597,583
<b>NET ASSETS WITHOUT DONOR RESTRICTION AT BEGINNING OF YEAR</b>				
	<u>17,952,702</u>	<u>7,924,300</u>	<u>(321,000)</u>	<u>25,556,002</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTION AT END OF YEAR</b>				
	<u>\$ 19,865,467</u>	<u>\$ 7,609,118</u>	<u>\$ (321,000)</u>	<u>\$ 27,153,585</u>

**BIG BROTHERS BIG SISTERS OF ORANGE COUNTY AND THE INLAND EMPIRE, INC.**  
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**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	BBBSOCIE				QALICB				Eliminations		Consolidated			
	Program Services	Management and General	Fundraising	Totals	Program Services	Management and General	Fundraising	Totals	Program Services	Totals	Program Services	Management and General	Fundraising	Totals
Salaries	\$5,268,907	\$685,930	\$428,364	\$6,383,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,268,907	\$ 685,930	\$ 428,364	\$ 6,383,201
Employee benefits and payroll taxes	801,438	104,335	65,157	970,930	-	-	-	-	-	-	801,438	104,335	65,157	970,930
Total personnel costs	6,070,345	790,265	493,521	7,354,131	-	-	-	-	-	-	6,070,345	790,265	493,521	7,354,131
Donated services	30,000	-	-	30,000	-	-	-	-	-	-	30,000	-	-	30,000
Program activities	1,225,504	-	-	1,225,504	-	-	-	-	-	-	1,225,504	-	-	1,225,504
Professional fees	77,690	40,301	37,052	155,043	39,460	4,215	3,296	46,971	-	-	117,150	44,516	40,348	202,014
Occupancy and rent	311,058	6,168	8,184	325,410	69,023	7,372	5,766	82,161	(212,083)	(212,083)	167,998	13,540	13,950	195,488
Interest	-	-	-	-	-	122,951	-	122,951	-	-	-	122,951	-	122,951
Insurance	89,241	9,824	6,864	105,929	23,708	2,532	1,980	28,220	-	-	112,949	12,356	8,844	134,149
Administration and office	72,459	7,572	5,478	85,509	-	-	-	-	-	-	72,459	7,572	5,478	85,509
Information technology	103,134	11,068	7,870	122,072	-	-	-	-	-	-	103,134	11,068	7,870	122,072
Utilities and telephone	56,257	6,011	4,287	66,555	95,937	10,247	8,014	114,198	-	-	152,194	16,258	12,301	180,753
Dues and subscriptions	57,130	-	-	57,130	-	-	-	-	-	-	57,130	-	-	57,130
Miscellaneous	41,410	2,169	46,900	90,479	14,934	1,567	1,225	17,726	-	-	56,344	3,736	48,125	108,205
Building maintenance	-	-	-	-	238,189	25,440	19,896	283,525	-	-	238,189	25,440	19,896	283,525
Marketing and development	47,536	-	73,902	121,438	-	-	-	-	-	-	47,536	-	73,902	121,438
Repairs and maintenance	-	-	-	-	75,982	8,115	6,347	90,444	-	-	75,982	8,115	6,347	90,444
Taxes and fees	-	-	-	-	16,302	1,741	1,362	19,405	-	-	16,302	1,741	1,362	19,405
Depreciation and amortization	48,310	6,289	3,928	58,527	257,093	27,459	21,476	306,028	-	-	305,403	33,748	25,404	364,555
	<u>\$ 8,230,074</u>	<u>\$ 879,667</u>	<u>\$ 687,986</u>	<u>\$ 9,797,727</u>	<u>\$ 830,628</u>	<u>\$ 211,639</u>	<u>\$ 69,362</u>	<u>\$ 1,111,629</u>	<u>\$ (212,083)</u>	<u>\$ (212,083)</u>	<u>\$ 8,848,619</u>	<u>\$ 1,091,306</u>	<u>\$ 757,348</u>	<u>\$ 10,697,273</u>