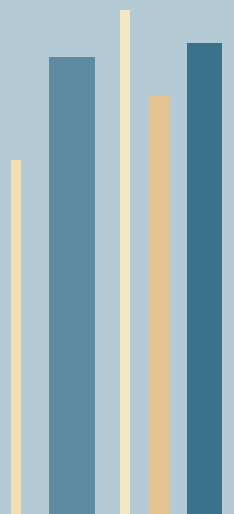


# Yavapai Big Brothers Big Sisters, Inc.

Audited Financial Statements  
*Year Ended June 30, 2023*



Yavapai Big Brothers Big Sisters, Inc.  
Audited Financial Statements  
Year Ended June 30, 2023

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Yavapai Big Brothers Big Sisters, Inc.  
3208 Lakeside Village Dr  
Prescott, AZ 86301

### **Opinion**

We have audited the financial statements of Yavapai Big Brothers Big Sisters, Inc., which comprise the Statement of Financial Position as of June 30, 2023, 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 present fairly, in all material respects, the financial position of Yavapai Big Brothers Big Sisters, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yavapai Big Brothers Big Sisters, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 Yavapai Big Brothers Big Sisters, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Yavapai Big Brothers Big Sisters, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yavapai Big Brothers Big Sisters, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### **Report on Comparative Information**

We have previously audited Yavapai Big Brothers Big Sisters, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2023. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*NPO Accountants*

**NPO Accountants**

Phoenix, Arizona

January 29, 2024

**Yavapai Big Brothers Big Sisters, Inc.**  
**Statements of Financial Position**  
**For the Year Ended June 30, 2023 and June 30, 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash & cash equivalents	\$ 722,176	\$ 461,404
Investments	122,556	119,512
<b>Total current assets</b>	844,732	580,916
<b>Other assets</b>		
Inventory	1,938	12,946
Contributions receivable	170,071	379,316
Prepaid expenses	13,342	-
<b>Total other assets</b>	185,351	392,262
<b>Property &amp; equipment</b>		
Land	540,000	540,000
Buildings	842,877	842,877
Computers & equipment	66,967	66,967
Software	21,626	21,626
Leasehold improvements	20,245	20,245
Less accumulated depreciation	(454,302)	(429,853)
<b>Total property &amp; equipment</b>	1,037,413	1,061,862
<b>Total assets</b>	<b>\$ 2,067,496</b>	<b>\$ 2,035,040</b>
<b>Liabilities &amp; net assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 35,816	\$ 8,907
Accrued payroll liabilities	61,130	62,614
Note payable accrued interest	15,167	15,463
<b>Total current liabilities</b>	112,113	86,984
<b>Long-term liabilities</b>		
Note payable	500,000	500,000
Note payable accrued interest	-	786
<b>Total long-term liabilities</b>	500,000	500,786
<b>Total liabilities</b>	612,113	587,770
<b>Net assets</b>		
With donor restrictions	322,956	155,512
Without donor restrictions	1,132,427	1,291,758
<b>Total net assets</b>	1,455,383	1,447,270
<b>Total liabilities &amp; net assets</b>	<b>\$ 2,067,496</b>	<b>\$ 2,035,040</b>

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

**Yavapai Big Brothers Big Sisters, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support &amp; revenue</b>			
Individual & corporate contributions	\$ 257,646	\$ -	\$ 257,646
Foundation contributions	160,914	117,400	278,314
Government grants	130,422	62,000	192,422
In-kind contributions	49,703	-	49,703
Investment earnings, net	-	8,044	8,044
Other revenue	3,901	-	3,901
Special event revenue	582,824	-	582,824
Special event in-kind contributions	27,597	-	27,597
Less: cost of direct donor benefits	<u>(55,983)</u>	<u>-</u>	<u>(55,983)</u>
Special event revenue, net	554,438	-	554,438
Loss on disposal of inventory	(9,985)	-	(9,985)
Net assets released from restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
<b>Total support &amp; revenue</b>	<b><u>1,167,039</u></b>	<b><u>167,444</u></b>	<b><u>1,334,483</u></b>
<b>Expenses</b>			
Program	872,146	-	872,146
Management & General	264,682	-	264,682
Fundraising	<u>189,542</u>	<u>-</u>	<u>189,542</u>
<b>Total expenses</b>	<b><u>1,326,370</u></b>	<b><u>-</u></b>	<b><u>1,326,370</u></b>
<b>Changes in net assets</b>	<b>(159,331)</b>	<b>167,444</b>	<b>8,113</b>
<b>Net assets, beginning of year</b>	<b>1,291,758</b>	<b>155,512</b>	<b>1,447,270</b>
<b>Net assets, end of year</b>	<b><u>\$ 1,132,427</u></b>	<b><u>\$ 322,956</u></b>	<b><u>\$ 1,455,383</u></b>

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

**Yavapai Big Brothers Big Sisters, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support &amp; revenue</b>			
Individual & corporate contributions	\$ 290,833	\$ 5,000	\$ 295,833
Foundation contributions	243,611	20,000	263,611
Government grants	193,426	5,000	198,426
In-kind contributions	38,061	-	38,061
Investment earnings (loss), net	-	(9,654)	(9,654)
Other revenue	113,192	-	113,192
Special event revenue	221,632	-	221,632
Special event in-kind contributions	-	-	-
Less: cost of direct donor benefits	(12,425)	-	(12,425)
Special event revenue, net	209,207	-	209,207
Net assets released from restrictions	8,000	(8,000)	-
<b>Total support &amp; revenue</b>	<b>1,096,330</b>	<b>12,346</b>	<b>1,108,676</b>
<b>Expenses</b>			
Program	759,741	-	759,741
Management & General	230,217	-	230,217
Fundraising	95,526	-	95,526
<b>Total expenses</b>	<b>1,085,484</b>	<b>-</b>	<b>1,085,484</b>
<b>Changes in net assets</b>	10,846	12,346	23,192
<b>Net assets, beginning of year</b>	1,280,912	143,166	1,424,078
<b>Net assets, end of year</b>	<b>\$ 1,291,758</b>	<b>\$ 155,512</b>	<b>\$ 1,447,270</b>

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

**Yavapai Big Brothers Big Sisters, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

	<b>2023</b>			
	<b>Program</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses</b>				
Salaries & wages	\$ 519,628	\$ 148,465	\$ 74,233	\$ 742,326
Employee benefits & related	39,469	11,277	5,639	56,385
Payroll taxes	38,743	11,070	5,535	55,348
Total payroll expenses	597,840	170,812	85,407	854,059
Accounting	-	54,737	-	54,737
Advertising & marketing	54,893	7,454	5,421	67,768
Conference & meeting	28,603	3,884	2,825	35,312
Depreciation	17,848	4,401	2,200	24,449
Event	-	-	134,240	134,240
Insurance	16,401	3,990	1,773	22,164
Information technology	27,094	3,679	2,676	33,449
Interest	11,649	1,582	1,150	14,381
Legal	414	621	-	1,035
Miscellaneous	30,784	4,181	3,040	38,005
Occupancy	28,141	3,822	2,779	34,742
Office expense	25,633	3,481	2,532	31,646
Other contract	-	-	-	-
Payments to affiliates	17,840	-	-	17,840
Travel	15,006	2,038	1,482	18,526
Total expenses	872,146	264,682	245,525	1,382,353
Less expenses included with support & revenue in the Statement of Activities				
Cost of direct benefits to donors	-	-	(55,983)	(55,983)
<b>Total expenses</b>	<b>\$ 872,146</b>	<b>\$ 264,682</b>	<b>\$ 189,542</b>	<b>\$ 1,326,370</b>

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



**Yavapai Big Brothers Big Sisters, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

	<b>2022</b>			
	<b>Program</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses</b>				
Salaries & wages	\$ 458,977	\$ 131,136	\$ 65,568	\$ 655,681
Employee benefits & related	42,310	12,088	6,044	60,442
Payroll taxes	34,956	9,988	4,994	49,938
Total payroll expenses	536,243	153,212	76,606	766,061
Accounting	-	39,416	-	39,416
Advertising & marketing	15,201	2,064	1,501	18,766
Conference & meeting	7,283	989	719	8,991
Depreciation	17,854	4,401	2,194	24,449
Event	-	-	12,425	12,425
Insurance	22,271	5,417	2,408	30,096
Information technology	24,068	3,269	2,377	29,714
Interest	10,604	1,351	325	12,280
Legal	582	874	-	1,456
Miscellaneous	50,983	11,173	3,540	65,696
Occupancy	18,556	2,520	1,833	22,909
Office expense	27,061	3,675	2,673	33,409
Other contract	4,893	664	483	6,040
Payments to affiliates	15,365	-	-	15,365
Travel	8,777	1,192	867	10,836
Total expenses	759,741	230,217	107,951	1,097,909
Less expenses included with support & revenue in the Statement of Activities				
Cost of direct benefits to donors	-	-	(12,425)	(12,425)
<b>Total expenses</b>	<b>\$ 759,741</b>	<b>\$ 230,217</b>	<b>\$ 95,526</b>	<b>\$ 1,085,484</b>

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

**Yavapai Big Brothers Big Sisters, Inc.**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2023 and June 30, 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Change in net assets	\$ 8,113	\$ 23,192
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	24,449	24,449
(Increase) decrease in investment account, net	(3,044)	9,654
Decrease (increase) in inventory	11,008	(3,072)
Decrease (increase) in contributions receivable	209,245	(49,678)
(Increase) decrease in prepaid expenses	(13,342)	9,970
Increase (decrease) in accounts payable	26,909	(7,444)
(Decrease) increase in accrued payroll liabilities	(1,484)	865
(Decrease) in deferred revenue	-	(7,070)
(Decrease) in note payable due to PPP loan forgiveness	-	(151,891)
<b>Net cash provided by (used in) operating activities</b>	<b><u>261,854</u></b>	<b><u>(151,025)</u></b>
<b>Financing activities</b>		
Increase in note payable	-	350,000
(Decrease) increase in note payable accrued interest	(1,082)	12,280
<b>Net cash (used in) provided by financing activities</b>	<b><u>(1,082)</u></b>	<b><u>362,280</u></b>
<b>Net change in cash and cash equivalents</b>	<b>260,772</b>	<b>211,255</b>
<b>Cash &amp; cash equivalents</b>		
Beginning of year	<u>461,404</u>	<u>250,149</u>
End of year	<b><u>\$ 722,176</u></b>	<b><u>\$ 461,404</u></b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<u>\$ 15,463</u>	<u>\$ -</u>

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

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Yavapai Big Brothers Big Sisters, Inc. (“YBBBS” or the “Organization”) creates and supports one-to-one mentoring relationships for youth ages 6 to 24 by matching them with volunteer community adults through professional, intentional, and meaningful programming. YBBBS is an independent 501(C)(3) and nationally affiliated organization with offices in Prescott and Cottonwood, enhancing lives throughout all of Yavapai County. Our agency has proudly served our communities for over 50 years, having served over 11,500 volunteers, youth and their families.

**Mission: Create and professionally support one-to-one mentoring relationships that ignite the promise in us all.**

**Vision: Mentoring allows everyone to achieve their full potential.**

**Cash and Cash Equivalents**

The Organization considers cash and highly liquid financial instruments purchased with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

**Contributions Receivable and Promises to Give**

Contributions receivable consists primarily of amounts due from individuals and governmental entities, including amounts due from the IRS in satisfaction of the Employee Retention Tax Credit (ERC) of \$266,688 and \$89,518 for the years ended June 30, 2022 and 2023, respectively.

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities.

YBBBS determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Based on management’s evaluation of the grants and other receivables at June 30, 2023 and 2022, management expects the amounts to be fully collectible and therefore has not established an allowance for uncollectable receivables.

**Investments**

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment earnings return/(loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment fees.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Credit Risk**

YBBBS maintains its cash balances at institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances may exceed federally insured limits. The Organization has not experienced any losses on such balances.

The Organization's investments are not insured by the FDIC and are subject to various risks such as interest rate, credit and overall market volatility. Adverse economic conditions may result in a reduction of the investment's carrying amount. It is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the Statement of Financial Position. Management is of the opinion that the diversification of its invested assets among various asset classes (see note 3) should mitigate the impact of changes in any one class.

**Inventory**

Inventory consists of donated and purchased assets held for sale to the general public or for sale in future silent auctions at the Organization's fundraising event(s). Obsolete inventory valued at \$11,142 was written off during the year ended June 30, 2023.

**Property and Equipment**

YBBBS records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. The Organization estimates useful life by asset class as follows:

Buildings	39 years
Leasehold improvements	15 years
Computers & equipment	5 years
Software	5 years

Leasehold improvements are depreciated over the life of the lease. The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairments during the years ended June 30, 2023 and 2022.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue and Revenue Recognition**

*Contributed Revenue* – Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions, pledges and grants are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as with donor restriction thereby increasing that net asset class. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

*Special Event* – The Organization holds special events each year. A portion of the gross proceeds paid by the participant or attendee represents payment for the direct cost of the benefits received by the participant or attendee at the event. The proceeds and direct costs of the special events which ultimately benefit the donor rather than the Organization are recorded as special events revenues and costs of direct donor benefits. All proceeds received in excess of the direct costs are recorded as gross profit of special events in the accompanying Statement of Activities.

**Donated Services and In-kind Contributions**

Contributions of materials and professional services are recorded at their estimated values on the date of the contribution if they enhance Yavapai Big Brothers Big Sisters, Inc.'s non-financial assets or require specialized skills that Yavapai Big Brothers Big Sisters, Inc. would normally purchase, if not provided by a contribution. The Organization records donated professional services at the respective fair values of the services received and are presented in the Statement of Functional Expenses.

**Advertising and Marketing Costs**

Advertising and marketing costs are expensed in the period incurred and were \$67,768 and \$18,766, during the years ended June 30, 2023 and 2022.

**Functional Allocation of Expenses**

The Organization separates costs by the major classes of expenses: Programs, Management & General, and Fundraising. Expenses have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. When appropriate, expenses are charged directly to one of the major classes. Indirect expenses have been allocated according to the activity and functionality related to their utilization based upon management's estimate of use.

Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and payroll related expenses, advertising and marketing, conference and meeting, insurance, information technology, miscellaneous, occupancy, office expense, and travel, which are allocated based on estimates of average usage, square footage utilized by the program or function, how employee time is spent or a combination thereof, where appropriate.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Tax Status**

Yavapai Big Brothers Big Sisters, Inc. is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described, in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. Yavapai Big Brothers Big Sisters, Inc. is annually required to file a Return of Organization Exempt from Income Tax, Form 990, with the IRS. In addition, Yavapai Big Brothers Big Sisters, Inc. is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that Yavapai Big Brothers Bis Sisters, Inc. is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and those differences could be material.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Recent Accounting Guidance**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the Statement of Financial Position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated Statement of Activities. The standard is effective for the Organization for the year ended June 30, 2023. YBBBS does not have any material leasing agreements which qualify under this standard and thus the financial statements were not impacted by the new standard for the year ended June 30, 2023.

**Subsequent Events**

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through January 29, 2024, the date on which the financial statements were available to be issued.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets:	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 722,176	\$ 461,404
Contributions receivable	165,071	379,316
Endowment	122,556	119,512
<b>Total financial assets</b>	<b>1,009,803</b>	<b>960,232</b>
Less financial assets held to meet donor imposed purpose restrictions (note 8):	(144,400)	(30,000)
Less donor restricted endowment funds to be held in perpetuity (note 4 & note 8)	(99,210)	(99,210)
<b>Total amount available for general expenditures within one year</b>	<b>\$ 766,193</b>	<b>\$ 831,022</b>

**NOTE 3 - INVESTMENTS**

YBBBS reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

The pooled funds are held in a fund managed by Arizona Community Foundation (ACF) which is invested 100% in the Long-Term Diversified Pool. As fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement, the investments are shown as Level 2 due to the inputs being used for valuation. The fair value measurements have been provided by ACF.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 3 - INVESTMENTS**

Investments consist of the following at June 30:

<b>2023</b>					
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets held at Community Foundation	\$	-	\$ 122,556	-	\$ 122,556
<b>Total</b>	<b>\$</b>	<b>-</b>	<b>\$ 122,556</b>	<b>-</b>	<b>\$ 122,556</b>

<b>2022</b>					
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets held at Community Foundation	\$	-	\$ 119,512	-	\$ 119,512
<b>Total</b>	<b>\$</b>	<b>-</b>	<b>\$ 119,512</b>	<b>-</b>	<b>\$ 119,512</b>

**NOTE 4 - ENDOWMENT**

A quad city fund was established in 2005 to continually provide funds for operations and administration.

The Board of Directors of YBBBS follows Arizona’s Management of Charitable Funds Act (the Act), which is patterned after and is in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which requires the preservation of the fair value of the original Endowment fund gift, as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. At June 30, 2022 there were no such donor stipulations.

When a donor’s intent is not expressed, the Act directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor’s intent that the fund continues in perpetuity. In accordance with the Act, the Organization retains in perpetuity and classifies as net assets with donor restriction (a) the original value of initial and subsequent gift amounts donated to the Endowment fund and (b) any accumulations to the Endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor- restricted amounts not retained in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization



**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 4- ENDOWMENT (continued)**

Under the original agreement with Arizona Community Foundation (ACF), when the fund was established, invasion of the principle is allowed for emergency purposes by request of the full Board of Directors by a two-thirds majority vote and approval by the Foundation's Board of Directors.

The Organization had the following endowment net asset composition by type of fund:

June 30, 2023	<b>With Donor Restrictions</b>	<b>Without Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ -	\$ -
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	99,210	-	99,210
Accumulated investment gains	23,346	-	23,346
	<b>\$ 122,556</b>	<b>\$ -</b>	<b>\$ 122,556</b>

June 30, 2022	<b>With Donor Restrictions</b>	<b>Without Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ -	\$ -
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	99,210	-	99,210
Accumulated investment gains	20,302	-	20,302
	<b>\$ 119,512</b>	<b>\$ -</b>	<b>\$ 119,512</b>

*Deficiencies*

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted the Act and UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies in the fund during the year or at the years ended June 30, 2023 and 2022.

*Investment and Spending Policy*

The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to outperform over market cycle an appropriate pre-specified market index rate of return, and to achieve favorable investment results relative to investors with similar objectives and policies, and to achieve the maximum total return over the long term that is commensurate with a reasonable degree of risk. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
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**NOTE 4 – ENDOWMENT (continued)**

Endowment assets are invested mostly in fixed income and equitable market securities. The Organization has a policy of appropriating 3% of the value of the funds for distribution. The percentage is determined by analyzing the past ten years' rate of return and the current year's earnings. Any remaining earnings are reinvested into the fund to grow the endowment. This is consistent with the entity's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as provide additional real growth through new gifts and investment return. However, during the years ended June 30, 2023 and 2022, there was no appropriation of endowment assets.

Changes in endowment net assets are as follows:

Year ended June 30, 2023	<b>With Donor Restrictions</b>	<b>Board Designated</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 119,512	\$ -	\$ 119,512
Investment earnings, net	8,044	-	8,044
Appropriation of endowment assets pursuant to spending policy	(5,000)	-	(5,000)
<b>Endowment net assets, end of year</b>	<b>\$ 122,556</b>	<b>\$ -</b>	<b>\$ 122,556</b>

Year ended June 30, 2022	<b>With Donor Restrictions</b>	<b>Board Designated</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 129,166	\$ -	\$ 129,166
Investment (loss), net	(9,654)	-	(9,654)
<b>Endowment net assets, end of year</b>	<b>\$ 119,512</b>	<b>\$ -</b>	<b>\$ 119,512</b>

**NOTE 5 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable are estimated to be collected as follows at June 30:

	<b>2023</b>	<b>2022</b>
Due within one year	\$ 170,071	\$ 379,316
Due in one to five years	-	-
Due in over five years	-	-
<b>Contributions receivable</b>	<b>\$ 170,071</b>	<b>\$ 379,316</b>

Two donors accounted for 86% of total contributions receivable for the year ended June 30, 2023, while one donor and one grantor accounted for 81% of total contributions receivable, at June 30, 2022.

**NOTE 6 – LINE OF CREDIT**

Yavapai Big Brothers Big Sisters, Inc. has one open and active credit card account issued by National Bank of Arizona with a total credit limit of \$50,000. Unpaid balances are reported as accounts payable.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and June 30, 2022**

**NOTE 7 – NOTES PAYABLE**

During the year ended June 30, 2022, the Organization received forgiveness from the Small Business Administration of the notes obtained through the Paycheck Protection Program. The full amount of \$151,891 was reported as government grants in the Statement of Activities and shown as a non-cash reconciling item on the Statement of Cash Flows.

In response to the COVID-19 pandemic, the Small Business Administration made Economic Injury Disaster Loans available to small business owners and nonprofit organizations in all united states and territories. The EIDL program was designed to provide economic relief to businesses and organizations that were experiencing a temporary loss of revenue due to the pandemic in order to meet financial obligations and operating expenses that could have been met had the pandemic not occurred.

The Organization received an EIDL of \$150,000 on June 19, 2020, which was amended to \$500,000 on August 15, 2021. The total amount of interest cost incurred during the year ended June 30, 2023 and 2022 was \$14,274 and \$12,387, respectively. Interest totaling \$15,167 and \$16,249 has been accrued as of June 30, 2023 and 2022, respectively, and reported in the Statement of Financial Position.

Notes payable consist of the following at June 30:

	<b>2023</b>	<b>2022</b>
<b>Small Business Administration - EIDL</b>		
Note due in monthly installments through June 2050; 24 month deferral of principal and interest through June 2022. Interest payments at 2.75% per annum thereafter, calculated on the principal balance and accrued interest remaining. 360 month amortization schedule.	\$ 500,000	\$ 500,000
	<b>\$ 500,000</b>	<b>\$ 500,000</b>

Fixed maturities of notes payable are as follows:

<u>Years Ended June 30,</u>	
2024	\$ -
2025	10,136
2026	13,202
2027	13,569
2028	13,913
Thereafter	449,180
	<b>\$ 500,000</b>

Expected monthly payments on the EIDL loan are \$2,209 beginning December 2023 through June 2050.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
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**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30:

	<b>2023</b>	<b>2022</b>
<b>Subject to specified purpose:</b>		
Workforce development expansion	\$ 129,400	\$ -
Career counseling	15,000	15,000
Mentor program	-	5,000
Sedona related expenditures	-	5,000
Technology & digital needs	-	5,000
	<u>144,400</u>	<u>30,000</u>
<b>Subject to the passage of time:</b>		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	56,000	6,000
	<u>56,000</u>	<u>6,000</u>
<b>Endowments:</b>		
Subject to NFP endowment spending policy and appropriation:		
Quad-City	23,346	20,302
Not subject to spending policy or appropriation:		
Endowment corpus - held in perpetuity	99,210	99,210
	<u>122,556</u>	<u>119,512</u>
<b>Total net assets with donor restrictions</b>	<b>\$ <u>322,956</u></b>	<b>\$ <u>155,512</u></b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

	<b>2023</b>	<b>2022</b>
<b>Satisfaction of purpose restrictions:</b>		
Mentor program	\$ 5,000	\$ -
Sedona related expenditures	5,000	-
Technology & digital needs	5,000	-
Volunteer & training support	-	8,000
	<u>15,000</u>	<u>8,000</u>
<b>Restricted-purpose spending-rate distributions and appropriations:</b>		
Operations and administration - endowment	5,000	-
	<u>5,000</u>	<u>-</u>
<b>Total net assets released form with donor restrictions</b>	<b>\$ <u>20,000</u></b>	<b>\$ <u>8,000</u></b>

Amounts received and released by satisfying donor conditions or purpose restrictions in the current year are reported in without donor restrictions and totaled \$177,500 and \$35,000 during the year ended June 30, 2023 and 2022.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
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**NOTE 9 – CONCENTRATIONS OF REVENUE**

The Organization primarily received revenue from foundation and government contributions. The concentrations of revenue for the Organization are as follows for the year ended June 30:

	<b>2023</b>	<b>2022</b>
Special event revenue, net	41%	19%
Individual & corporate contributions	19%	26%
Foundation contributions	21%	24%
Government grants	14%	18%
In-kind contributions	4%	3%
Investment earnings	1%	-
Other revenue	-	10%
	<b>100%</b>	<b>100%</b>

Government grants revenue included funding from the Paycheck Protection Program (PPP) and the Employee Retention Tax Credit (ERC) of \$0 and \$152,683 during the years ended June 30, 2023 and 2022, respectively.

For the year ended June 30, 2023 one donor accounted for 65% of government contributions, while for the year ended June 30, 2022 one donor accounted for 98% of other revenue.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
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**NOTE 10 – DONATED SERVICES AND IN-KIND CONTRIBUTIONS**

YBBBS received donated professional services and materials as follows during the year ended June 30:

2023	Management &			Total
	Program	General	Fundraising	
Accounting	\$ -	\$ 1,699	\$ -	\$ 1,699
Advertising & marketing	25,505	3,464	2,519	31,488
Event	-	-	27,597	27,597
Information technology	5,564	756	550	6,870
Miscellaneous	7,250	30	22	7,302
Office expense	1,898	258	188	2,344
<b>Total</b>	<b>\$ 40,217</b>	<b>\$ 6,207</b>	<b>\$ 30,876</b>	<b>\$ 77,300</b>

2022	Management &			Total
	Program	General	Fundraising	
Accounting	\$ -	\$ 325	\$ -	\$ 325
Advertising & marketing	4,665	634	461	5,760
Information technology	2,142	291	212	2,645
Legal	270	404	-	674
Miscellaneous	27,844	77	56	27,977
Occupancy	124	31	15	170
Office expense	413	56	41	510
<b>Total</b>	<b>\$ 35,458</b>	<b>\$ 1,818</b>	<b>\$ 785</b>	<b>\$ 38,061</b>

**NOTE 11– EMPLOYEE BENEFIT PLAN**

The Organization contributes to a 403(b) plan on behalf of eligible employees. Employees become eligible for the plan after they have completed one year of service and have completed at least 1,000 hours of service. The Organization may make employer matching contributions at the discretion of the Board of Directors. The Organization contributed \$8,212 to the 403(b) plan and did not have any liabilities for the year ended June 30, 2023. There were no amounts contributed to the 403(b) plan and the Organization did not have any liabilities during the year ended June 30, 2022.

**Yavapai Big Brothers Big Sisters, Inc.**  
**Notes to the Financial Statements**  
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**NOTE 12 – AFFILIATED ORGANIZATIONS**

The Organization is affiliated with the national Big Brothers Big Sisters of America (BBBSA) and the Yavapai Big Brothers Big Sisters Foundation (YBBBSF).

While the Organization has an economic interest in the foundation, it does not have control and therefore, its operations are not consolidated in the financial statements of the Organization. The mission of YBBBSF is to assure the sustainability of YBBBS programs through the building of endowment support of the Organization's mission in future years. The Organization received contributions of \$47,764 and \$49,171 from the foundation during the years ended June 30, 2023 and 2022, respectively.

The Organization pays an annual affiliation fee, software subscription fee and technology license fee to the national affiliate and paid a total of \$17,840 and \$15,365 to BBBSA during the years ended June 30, 2023 and 2022. These amounts are reported as payments to affiliates in the Statement of Functional Expenses.

As of June 30, 2023 and 2022, no amounts were due to or from the national affiliate.