Big Brothers Big Sisters of Northeast Indiana, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022

Contents

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Independent Auditor's Report

Board of Directors
Big Brothers Big Sisters of Northeast Indiana, Inc.
Fort Wayne, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Northeast Indiana, Inc. (Organization), which comprise the statement of financial position as of December 31, 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 the Organization, as of December 31, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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.

Prior Year Audited by Other Auditors

The 2022 financial statements were audited by other auditors, and their report thereon, dated June 12, 2023, expressed an unmodified 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 24, 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.

Forvis Mazars, LLP

Fort Wayne, Indiana
September 24, 2024

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 1,206,457	$ 1,375,574
Investments	9,032,193	8,389,442
Pledges receivable, net	26,905	28,865
Prepaid expenses	53,159	29,858
Beneficial interest - Community Foundations	396,146	364,039
Accrued income	40,286	36,765
Property and equipment, net	63,512	79,641
Right-of-use asset, operating	455,835	640,829
Total assets	$ 11,274,493	$ 10,945,013
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 66,508	$ 18,274
Accrued liabilities and deferred revenue	114,739	55,966
Operating lease liability	460,560	640,829
Total liabilities	641,807	715,069
Net Assets		
Without donor restrictions	8,553,576	8,032,834
With donor restrictions	2,079,110	2,197,110
Total net assets	10,632,686	10,229,944
Total liabilities and net assets	$ 11,274,493	$ 10,945,013

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Activities
Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 455,052	$ -	$ 455,052
Campaign contributions, net	40	-	40
Foundation grants	969,101	-	969,101
Government grants	813,142	-	813,142
United Way	10,023	-	10,023
Fundraising events			
Proceeds	1,511,754	5,500	1,517,254
Less: cost of direct benefits to donors	(259,845)	-	(259,845)
In-kind contributions	295,351	-	295,351
Investment income	218,891	-	218,891
Unrealized gain on investments	483,803	-	483,803
Net assets released from restrictions	123,500	(123,500)	-
Total support and revenue	4,620,812	(118,000)	4,502,812
Expenses			
Program	3,258,619	-	3,258,619
Management and general	231,569	-	231,569
Fundraising	609,882	-	609,882
Total expenses	4,100,070	-	4,100,070
Change in Net Assets	520,742	(118,000)	402,742
Net Assets, Beginning of Year	8,032,834	2,197,110	10,229,944
Net Assets, End of Year	$ 8,553,576	$ 2,079,110	$ 10,632,686

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Activities
Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 781,128	$ -	$ 781,128
Campaign contributions, net	178	-	178
Foundation grants	3,400,311	-	3,400,311
Government grants	231,490	-	231,490
United Way	107,557	-	107,557
Fundraising events			
Proceeds	1,401,738	83,500	1,485,238
Less: cost of direct benefits to donors	(254,309)	-	(254,309)
In-kind contributions	156,877	-	156,877
Investment income	148,185	-	148,185
Unrealized loss on investments	(677,611)	-	(677,611)
Net assets released from restrictions	233,500	(233,500)	-
Total support and revenue	5,529,044	(150,000)	5,379,044
Expenses			
Program	2,835,175	-	2,835,175
Management and general	222,313	-	222,313
Fundraising	475,173	-	475,173
Total expenses	3,532,661	-	3,532,661
Change in Net Assets	1,996,383	(150,000)	1,846,383
Net Assets, Beginning of Year	6,036,451	2,347,110	8,383,561
Net Assets, End of Year	$ 8,032,834	$ 2,197,110	$ 10,229,944

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program	Management and General	Fundraising	Total	2022 Total
Salaries	$ 1,541,871	$ 131,623	$ 206,836	$ 1,880,330	$ 1,579,317
Employee benefits	297,598	25,405	39,922	362,925	435,874
Payroll taxes	124,031	10,588	16,638	151,257	135,303
Other	241,538	16,167	25,406	283,111	92,513
Total salaries and related expenses	2,205,038	183,783	288,802	2,677,623	2,243,007
Program expense	256,869	-	-	256,869	210,109
Supplies	12,909	1,102	1,732	15,743	16,390
Printing	6,478	553	869	7,900	11,408
Travel and training	62,083	-	-	62,083	33,771
Mileage	15,424	978	5,135	21,537	16,456
Property and equipment expense	16,516	1,141	1,427	19,084	20,834
Building expense	236,399	20,181	31,712	288,292	206,718
Advertising/promotions	43,136	-	-	43,136	68,985
Insurance	53,530	4,570	7,181	65,281	62,059
Professional services	-	10,500	-	10,500	35,336
Postage	7,533	643	1,011	9,187	10,133
Dues	102,383	2,047	4,715	109,145	58,000
Telephone and internet	28,287	2,415	3,795	34,497	32,663
Miscellaneous	10,432	1,066	1,399	12,897	12,840
Donation to BBBSA	-	-	-	-	100,000
Special events	171,262	-	258,034	429,296	356,756
Depreciation	30,340	2,590	4,070	37,000	37,196
	$ 3,258,619	$ 231,569	$ 609,882	$ 4,100,070	$ 3,532,661

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program	Supporting Services	Fundraising	Total
Salaries	$ 1,295,040	$ 126,345	$ 157,932	$ 1,579,317
Employee benefits	357,417	34,870	43,587	435,874
Payroll taxes	110,949	10,824	13,530	135,303
Other	82,604	4,404	5,505	92,513
Total salaries and related expenses	1,846,010	176,443	220,554	2,243,007
Program expense	210,109	-	-	210,109
Supplies	13,440	1,311	1,639	16,390
Printing	9,354	913	1,141	11,408
Travel and training	33,771	-	-	33,771
Mileage	12,480	482	3,494	16,456
Property and equipment expense	18,197	1,172	1,465	20,834
Building expense	169,509	16,537	20,672	206,718
Advertising/promotions	68,985	-	-	68,985
Insurance	50,888	4,965	6,206	62,059
Professional services	25,436	9,900	-	35,336
Postage	8,309	811	1,013	10,133
Dues	45,425	1,895	10,680	58,000
Telephone and internet	26,784	2,613	3,266	32,663
Miscellaneous	9,399	2,295	1,146	12,840
Donation to BBBSA	100,000	-	-	100,000
Special events	156,579	-	200,177	356,756
Depreciation	30,500	2,976	3,720	37,196
	$ 2,835,175	$ 222,313	$ 475,173	$ 3,532,661

Big Brothers Big Sisters of Northeast Indiana, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	$ 402,742	$ 1,846,383
Items not requiring (providing) operating activities cash flows		
Depreciation	37,000	37,196
Realized/unrealized (gain) loss on investments	(427,218)	677,611
Noncash lease expense	260,139	-
Changes in		
Pledges receivable	1,960	1,822
Prepaid expenses	(23,301)	62,806
Beneficial interest	(32,107)	-
Accrued income	(3,521)	(7,788)
Accounts payable	48,234	(1,004)
Accrued liabilities	58,773	(7,590)
Lease liability	(255,414)	-
Net cash provided by operating activities	67,287	2,609,436
Investing Activities		
Purchase of investments	(215,533)	(3,663,515)
Proceeds from sale of investments	-	1,229,929
Purchase of property and equipment	(20,871)	(43,446)
Net cash used in investing activities	(236,404)	(2,477,032)
(Decrease) Increase in Cash and Cash Equivalents	(169,117)	132,404
Cash and Cash Equivalents, Beginning of Year	1,375,574	1,243,170
Cash and Cash Equivalents, End of Year	$ 1,206,457	$ 1,375,574

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Big Brothers Big Sisters of Northeast Indiana, Inc. provides guidance and support to the youth of northeast Indiana and southern Michigan through various programs that match adult mentors with youth. At the present time, the Agency serves the counties of Allen, Adams, Wells, Dekalb, Noble, Huntington, Whitley, Kosciusko, Steuben and Lagrange and the Michigan counties of Branch and Hillsdale. The Organization's revenues and other support are derived principally from contributions and grants.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, cash equivalents consisted primarily of money market funds. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents.

At December 31, 2023, the Organization's cash accounts exceeded federally insured limits by approximately $384,000.

Investments and Investment Return

Investments in equity and debt securities having a readily determinable fair value are carried at fair value. Investment return includes dividends, interest, and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the statements of activities as with donor restrictions or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, except donated assets which are recorded at fair value as of the date of the gift. Items with a cost of $1,000 or more and a useful life of one year or more are capitalized. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts, and resulting gain or loss is included in the statements of activities. Property and equipment are depreciated over their estimated useful lives:

Building	20 years
Equipment	3 - 10 years
Vehicles	5 years

Right-of-Use (ROU) Assets and Lease Liabilities

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for board-designated endowment which totaled $3,796,846 and $3,279,187 at December 31, 2023 and 2022, respectively.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates resources be maintained in perpetuity.

Government Grants

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Gifts of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in a reclass of net assets with donor restrictions are reported when the long-lived assets are placed in service.

Special Events and Sponsorships

The Organization has multiple special events where tickets are purchased for the event and revenue is recognized upon the occurrence of the event. In addition, the Organization will sell sponsorships for the events. When a sponsorship is sold it contains elements of both an exchange transaction and a contribution. The Organization will recognize the contribution portion once received or unconditionally pledged. The portion related to the exchange transaction is recorded as deferred income until the event occurs at which time it is recognized as revenue.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by a like amount. The Organization recorded $295,351 and $156,877 for the years ended December 31, 2023 and 2022, respectively, related to donated goods and specialized services from various donors.

Functional Allocation of Expenses

The costs of supporting the Organization's program and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Occupancy and depreciation expenses have been allocated across the various functions based on square footage. All other expenses are allocated based on time and effort.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Note 2. Pledges Receivable

Pledges receivable consists of the following at December 31:

	2023	2022
Due within one year	$ 27,005	$ 27,005
Due in one to five years	-	2,000
	27,005	29,005
Less		
Allowance for uncollectible pledges	(100)	(100)
Unamortized discount	-	(40)
Total	$ 26,905	$ 28,865

Pledges were discounted using a rate of 2%.

Note 3. Investments

Investments at December 31 consisted of the following:

	2023	2022
Cash equivalents	$ 138,831	$ 101,551
Certificates of deposit	222,582	222,582
Equities	4,855,055	4,439,648
Corporate bonds	1,652,461	429,895
Municipal bonds	1,731,180	2,206,006
U.S. Treasury securities	432,084	989,760
Total	$ 9,032,193	$ 8,389,442

Total investment return (loss) is comprised of the following:

	2023	2022
Interest and dividends, net	$ 275,476	$ 139,049
Realized gain (loss)	(56,585)	9,136
Unrealized gain (loss)	483,803	(677,611)
Total	$ 702,694	$ (529,426)

Note 4. Beneficial Interest in Funds Held by Others

Funds held at Community Foundations as of December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Community Foundation of Greater Fort Wayne	$ 383,812	$ 352,746
Kosciusko County Community Foundation	12,334	11,293
	$ 396,146	$ 364,039

The investments held by the Community Foundations are the result of agreements whereby the Organization has transferred assets, but not variance power, to the Foundations and has specified itself as the beneficiary of those assets. The Organization may draw up to a certain percentage of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

Additionally, the Foundations hold investment assets, with a value of $376,720 and $329,968 at December 31, 2023 and 2022, respectively, for the benefit of the Organization for which the Foundations have retained variance power. These assets are not recorded as assets of the Organization.

Note 5. Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Investments				
Cash equivalents	$ 138,831	$ 138,831	$ -	$ -
Certificates of deposit	222,582	222,582	-	-
Equities	4,855,055	4,855,055	-	-
Corporate bonds	1,652,461	-	1,652,461	-
Municipal bonds	1,731,180	-	1,731,180	-
U.S. Treasury securities	432,084	-	432,084	-
Beneficial interest - Community Foundations	396,146	-	-	396,146

		Fair Value Measurements Using		
	Fair Value	Quoted Prices Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Investments				
Cash equivalents	$ 101,551	$ 101,551	$ -	$ -
Certificates of deposit	222,582	222,582	-	-
Equities	4,439,648	4,439,648	-	-
Corporate bonds	429,895	-	429,895	-
Municipal bonds	2,206,006	-	2,206,006	-
U.S. Treasury securities	989,760	-	989,760	-
Beneficial interest - Community Foundations	364,039	-	-	364,039

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Beneficial Interest - Community Foundations
Balance, January 1, 2022	$ 425,806
Total loss on assets	(46,465)
Distributions	(15,302)
Balance, December 31, 2022	364,039
Total return on assets	47,880
Distributions	(15,773)
Balance, December 31, 2023	$ 396,146

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2023 and 2022:

		Fair Value at December 31, 2023	Valuation Technique	Unobservable Inputs	Range
Beneficial interest - Community Foundations	$	396,146	Discounted cash flows	Discount rates Market return rates	N/A^

		Fair Value at December 31, 2022	Valuation Technique	Unobservable Inputs	Range
Beneficial interest - Community Foundations	$	364,039	Discounted cash flows	Discount rates Market return rates	N/A^

Note 6. Property and Equipment

Property and equipment at December 31 consisted of the following:

	2023	2022
Building and improvements	$ 33,619	$ 33,619
Equipment	266,031	245,160
Vehicles	102,957	102,957
	402,607	381,736
Less accumulated depreciation	(339,095)	(302,095)
Total	$ 63,512	$ 79,641

Note 7. Leases

Nature of Leases

The Organization has entered into the following lease arrangements:

Operating Leases

The Organization has a leases for a building that expires in 2025. Lease payments have an escalating fee schedule. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Organization has no material related-party leases.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2023 and 2022, is:

	2023	2022
Lease cost		
Operating lease cost	$ 264,864	$ 193,010

	2023	2022
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 260,139	$ 193,010
Weighted-average remaining lease term		
Operating leases	2.0 years	3.0 years
Weighted-average discount rate		
Operating leases	4.71%	4.71%

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2023, are as follows:

	Operating Leases
2024	$ 239,410
2025	244,198
Total future undiscounted lease payments	483,608
Less interest	(23,048)
Lease liabilities	$ 460,560

Note 8. Line of Credit

The Organization has established a line of credit with PNC Bank in the amount of $100,000. The line automatically renews annually and bears interest at the prime rate plus 3.37% (11.87% at December 31, 2023). There were no borrowings on the line at December 31, 2023 and 2022.

Note 9. Net Assets

Net Assets With Donor Restrictions

Donor restricted net assets at December 31 are available for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose	$ 85,500	$ 203,500
Endowment	1,993,610	1,993,610
Total net assets with donor restrictions	$ 2,079,110	$ 2,197,110

Net assets released from restrictions totaled $123,500 and $233,500 for the years ended December 31, 2023 and 2022, respectively, related to the passage of time and expenditures satisfying donor stipulations.

Note 10. Endowment

The Organization's endowment consists of two funds established for providing revenue from earnings. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is 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 UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The composition of net assets by type of endowment fund at December 31, 2023 and 2022, were:

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 1,993,610	$ 1,993,610
Board-designated endowment funds - Community Foundations	396,146	-	396,146
Board-designated endowment funds	3,400,700	-	3,400,700
	$ 3,796,846	$ 1,993,610	$ 5,790,456

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 1,993,610	$ 1,993,610
Board-designated endowment funds - Community Foundations	364,039	-	364,039
Board-designated endowment funds	2,915,148	-	2,915,148
	$ 3,279,187	$ 1,993,610	$ 5,272,797

Changes in endowment net assets for the years ended December 31, 2023 and 2022, were:

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 3,279,187	$ 1,993,610	$ 5,272,797
Investment return			
Interest income	118,956	-	118,956
Net appreciation	415,288	-	415,288
Total investment return	534,244	-	534,244
Transfer in	20,000	-	20,000
Appropriation of endowment assets for expenditure	(36,585)	-	(36,585)
Endowment net assets, end of year	$ 3,796,846	$ 1,993,610	$ 5,790,456

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 3,018,658	$ 1,993,610	$ 5,012,268
Investment loss			
Interest income	128,890	-	128,890
Net depreciation	(688,958)	-	(688,958)
Total investment loss	(560,068)	-	(560,068)
Transfer in	835,899	-	835,899
Appropriation of endowment assets for expenditure	(15,302)	-	(15,302)
Endowment net assets, end of year	$ 3,279,187	$ 1,993,610	$ 5,272,797

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. Deficiencies could result from unfavorable market fluctuations that occur shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the Organization. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At December 31, 2023 and 2022, there were no such deficiencies.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. The Organization expects its endowment fund, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized).

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior four quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the current value. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. As it pertains to the donor-restricted endowment, this is only one fund, and there are no restrictions placed on any investment return earned on the corpus. As such, the Organization's practice has been to maintain the corpus of the endowment, but in years where investment return is earned, to allocate those to operations rather than applying the spending policy.

Note 11. Liquidity and Availability

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

	2023	2022
Cash	$ 1,206,457	$ 1,375,574
Accounts receivable	40,286	36,765
Pledges receivable	27,005	27,005
Accrued income	40,286	36,765
Investments	3,552,383	3,153,645
Total financial assets	$ 4,866,417	$ 4,629,754

Note 12. Retirement Plan

The Organization sponsors a defined contribution plan where contributions to the plan are made for all employees with at least 30 days of continuous employment. The Organization's contributions are 100% vested after 3 years of employment. The Organization contributes $3 for each $1 contributed by eligible employees up to 2% of each employee's total compensation. Expenses for the years ended December 31, 2023 and 2022, totaled $56,372 and $60,448, respectively.

Note 13. Subsequent Events

Subsequent events have been evaluated through September 24, 2024, which is the date the financial statements were available to be issued.

Big Brothers Big Sisters of Northeast Indiana, Inc.

Single Audit Reports and Schedule of Expenditures of Federal Awards

December 31, 2023

Contents

Big Brothers Big Sisters of Northeast Indiana, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant or Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of Education			
Passed through the Indiana Department of Education			
Student Support and Academic Enrichment Program	84.424	S424F220015	$ 39,447
Twenty-First Century Community Learning Centers	84.287	S287C210014	328,985
Total Department of Education			368,432
Department of Treasury			
Passed through the City of Fort Wayne			
COVID-19 - State and Local Fiscal Recovery Funds	21.027	SLFRP0313	28,742
Passed through the Indiana Department of Health			
COVID-19 - State and Local Fiscal Recovery Funds	21.027	HIC	183,442
Total Department of Treasury			212,184
Department of Justice			
Passed through Youth Collaboratory			
Juvenile Mentoring Program	16.726	2019-JU-FX-0013	48,000
Passed through Big Brothers Big Sisters of America			
Juvenile Mentoring Program	16.726	15PJDP-21-GG-02765-MENT	42,006
Juvenile Mentoring Program	16.726	GG-01749-MENT	104,755
Juvenile Mentoring Program	16.726	15PJDP-21-GG-02743-MENT	41,646
Juvenile Mentoring Program	16.726	15PJDP-22-GG-03742-MENT	72,538
Total Department of Justice			308,945
Total Expenditures of Federal Awards			$ 889,561

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Big Brothers Big Sisters of Northeast Indiana, Inc. under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Big Brothers Big Sisters of Northeast Indiana, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Big Brothers Big Sisters of Northeast Indiana, Inc.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

Big Brothers Big Sisters of Northeast Indiana, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Subrecipients

There were no subrecipients during the year ended December 31, 2023.

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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*

Independent Auditor's Report

Board of Directors
Big Brothers Big Sisters of Northeast Indiana, Inc.
Fort Wayne, Indiana

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 (*Government Auditing Standards*), the financial statements of Big Brothers Big Sisters of Northeast Indiana, Inc. (Organization), which comprise the Organization's statement of financial position as of December 31, 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, and have issued our report thereon dated September 24, 2024.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Forvis Mazars, LLP

Fort Wayne, Indiana
September 24, 2024

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Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
Big Brothers Big Sisters of Northeast Indiana, Inc.
Fort Wayne, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Big Brothers Big Sisters of Northeast Indiana, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization, as of and for the year ended December 31, 2023, and have issued our report thereon dated September 24, 2024, which contained an unmodified opinion. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Forvis Mazars, LLP

Fort Wayne, Indiana
September 24, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards program:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for major federal program:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
84.287	Twenty-First Century Community Learning Centers
21.027	State and Local Fiscal Recovery Funds

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Big Brothers Big Sisters of Northeast Indiana, Inc.
Schedule of Prior Audit Findings
Year Ended December 31, 2023

Reference Number	Summary of Finding	Status
	No matters are reportable.	