

**BIG BROTHERS/BIG SISTERS  
OF SOUTHWEST LOUISIANA, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended December 31, 2021**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements:	
Statement of Financial Position	4 - 5
Statement of Activities	6
Schedule of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	18 - 19
Schedule of Findings and Responses	20
Schedule of Prior Year Findings	21
Schedule of Compensation, Benefits and Other Payments	22

# STEVEN M. DEROUEN & ASSOCIATES, LLC

*Certified Public Accountants*  
2720 RUE DE JARDIN, SUITE 300  
P. O. BOX 4265  
LAKE CHARLES, LA 70606  
(337) 513-4915 OFFICE/ (337) 205-6927 FAX  
steve@sderouencpa.com

Member American Institute of  
Certified Public Accountants

Member Louisiana Society of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Big Brothers/Big Sisters of  
Southwest Louisiana, Inc.  
Lake Charles, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Big Brothers/Big Sisters of Southwest Louisiana, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers/Big Sisters of Southwest Louisiana, 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 of 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 Big Brothers/Big Sisters of Southwest Louisiana, Inc.'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing 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 Big Brothers/Big Sisters of Southwest Louisiana, 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 Big Brothers/Big Sisters of Southwest Louisiana, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis 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 Compensation, Benefits and Other Payments is fairly stated in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, on our consideration of Big Brothers/Big Sisters of Southwest Louisiana, Inc.'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 Big Brothers/Big Sisters of Southwest Louisiana, Inc.'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 Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control over financial reporting and compliance

**Report on Summarized Comparative Information**

We have previously audited Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
May 25, 2022

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021  
with comparative totals for 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 238,288	\$ 680,143
Unconditional promises to give	28,052	39,052
Grants receivable	15,054	5,807
Insurance reimbursement receivable	-	84,844
Accrued video revenue	417	417
Beneficial interest in the assets held by the Community Foundation of SWLA	22,751	19,462
Prepaid expenses	28,179	20,832
Prepaid unrelated business income taxes	-	1,007
Total current assets	<u>332,741</u>	<u>851,564</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	164,064	99,839
Building	967,291	495,097
	<u>1,131,355</u>	<u>594,936</u>
Less accumulated depreciation	<u>(420,783)</u>	<u>(384,461)</u>
	710,572	210,475
Land	20,052	20,052
Net property and equipment	<u>730,624</u>	<u>230,527</u>
<b>Total Assets</b>	<u>\$ 1,063,365</u>	<u>\$ 1,082,091</u>

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

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021  
with comparative totals for 2020**

**LIABILITIES**

	<u>2021</u>	<u>2020</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable-trade	\$ 58,196	\$ 57,241
Accrued expenses	31,700	22,438
Unrelated business income taxes payable	23,881	-
Deferred support	-	9,500
Current portion of note payable	18,809	-
Total current liabilities	<u>132,586</u>	<u>89,179</u>
<b>LONG TERM LIABILITIES</b>		
Note payable - net of current portion	<u>76,986</u>	<u>97,500</u>
Total liabilities	<u>209,572</u>	<u>186,679</u>
<b>NET ASSETS</b>		
Without donor restrictions	793,792	861,912
With donor restrictions	60,001	33,500
Total net assets	<u>853,793</u>	<u>895,412</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,063,365</u>	<u>\$ 1,082,091</u>

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2021  
with comparative totals for 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
United Way of Southwest Louisiana	\$ 53,978	\$ 22,500	\$ 76,478	\$ 134,442
Grants	458,119	37,501	495,620	463,085
Contributions	34,407	-	34,407	43,746
In-kind contributions	25,090	-	25,090	15,200
Investment earnings	1,544	-	1,544	2,451
Other	4,318	-	4,318	3,923
Bingo revenues, net of awards and progressive	488,388	-	488,388	250,556
Fund-raising/special events	57,813	-	57,813	63,663
Insurance recoveries	25,164	-	25,164	84,844
Paycheck Protection Program loan forgiveness	97,500	-	97,500	-
Unrealized gain (loss) on investments	3,290	-	3,290	1,519
Total revenues and gains	1,249,611	60,001	1,309,612	1,063,429
Net assets released from restrictions	33,500	(33,500)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,283,111</b>	<b>26,501</b>	<b>1,309,612</b>	<b>1,063,429</b>
<b>EXPENSES AND LOSSES</b>				
Program service-community services	856,658	-	856,658	744,121
Management and general	109,799	-	109,799	82,936
Fund-raising/special events	122,054	-	122,054	103,114
Bingo	262,720	-	262,720	145,350
Loss on building impairment	-	-	-	60,438
<b>TOTAL EXPENSES AND LOSSES</b>	<b>1,351,231</b>	<b>-</b>	<b>1,351,231</b>	<b>1,135,959</b>
<b>CHANGE IN NET ASSETS</b>	<b>(68,120)</b>	<b>26,501</b>	<b>(41,619)</b>	<b>(72,530)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>861,912</b>	<b>33,500</b>	<b>895,412</b>	<b>967,942</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 793,792</b>	<b>\$ 60,001</b>	<b>\$ 853,793</b>	<b>\$ 895,412</b>

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended December 31, 2021  
with comparative totals for 2020**

	Program	Management	Fund	Bingo	Total Program and Supporting Service Expense	
	Services	and General	Raising		2021	2020
Activities	\$ 11,585	\$ -	\$ -	\$ -	\$ 11,585	\$ 3,202
Bank fees	662	99	66	632	1,459	2,420
Dues	21,838	3,276	2,184	-	27,298	21,596
FGP Program	172,473	-	-	-	172,473	223,146
Hospitality/health benefits	17,818	2,673	1,782	-	22,273	22,232
Insurance	23,165	3,475	2,316	3,663	32,619	25,415
Meeting and training	5,838	876	584	-	7,298	5,762
Miscellaneous	6,821	1,023	682	469	8,995	8,114
Other programs	1,857	-	-	-	1,857	15,808
Payroll taxes	27,546	4,662	5,907	4,264	42,378	33,669
Professional fees	11,962	1,794	1,196	-	14,952	22,914
Publicity and promotion	14,494	2,174	1,449	3,684	21,801	12,813
Rent and occupancy	106,586	15,988	10,659	95,288	228,520	105,137
Retirement	12,078	2,039	1,569	-	15,686	12,538
Salaries	365,120	61,790	85,864	48,950	561,723	437,749
Security	-	-	-	2,467	2,467	2,741
Supplies	12,562	3,140	3,500	62,922	82,124	64,014
Taxes and licenses	-	346	-	40,381	40,727	16,417
Telephone	5,116	767	512	-	6,395	2,916
Travel and transportation	5,604	841	560	-	7,005	4,407
Utilities	3,190	478	319	-	3,987	3,085
Volunteer Screening	1,287	-	-	-	1,287	775
Total before depreciation and other expense	827,600	105,441	119,148	262,720	1,314,909	1,046,870
Depreciation	29,058	4,359	2,906	-	36,322	28,651
<b>TOTAL EXPENSES</b>	<b>\$ 856,658</b>	<b>\$ 109,799</b>	<b>\$ 122,054</b>	<b>\$ 262,720</b>	<b>\$ 1,351,231</b>	<b>\$ 1,075,521</b>

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2021  
with comparative totals for 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (41,619)	\$ (72,530)
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Depreciation	36,322	28,651
(Increase) decrease in operating assets		
Grants receivable	(9,247)	2,526
Prepaid expenses	(7,347)	(4,110)
Unconditional promises to give	11,000	12,393
Prepaid income tax	1,007	(868)
Insurance reimbursements receivable	84,844	(47,719)
Increase (decrease) in operating liabilities		
Accounts payable-trade	955	40,213
Deferred support	(9,500)	(2,700)
Accrued expenses	9,262	8,619
Income tax payable	23,881	(7)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>99,558</u>	<u>(35,532)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from insurance reimbursement receivable	-	(37,125)
Building impairment	-	60,438
Fixed asset acquisitions	(536,419)	-
Cash additions to beneficial interest	(3,289)	(9,015)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(539,708)</u>	<u>14,298</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paycheck Protection Program loan forgiveness	(97,500)	-
Proceeds from long-term debt	95,795	97,500
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>(1,705)</u>	<u>97,500</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(441,855)	76,266
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>680,143</u>	<u>603,877</u>
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 238,288</u>	<u>\$ 680,143</u>

Supplemental Disclosure:

Income tax paid in year ended December 31, 2021 was \$40,381.

Income tax paid in year ended December 31, 2020 was \$15,789.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

1. Organization and Purpose

Big Brothers/Big Sisters of Southwest Louisiana, Inc. is a not-for-profit organization whose main purpose is to provide children from single-parent homes with the confidence and desire to develop into loving and productive adults through the warmth and friendship of a caring adult volunteer. The Organization's purpose is carried out through their office located in Southwest Louisiana.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Property and Equipment

The Organization follows the practice of capitalizing all furniture and fixtures acquired in excess of \$1,000. Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$36,322 for the year ended December 31, 2021, based on an estimated useful life of five years for equipment and forty years for buildings.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

6. 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.

*Net Assets With Donor Restrictions* – Net assets available subject to donor-imposed or certain grantor-imposed 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. 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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure or deliverables for specified purpose:	
LA Dept of Revenue Small Business Assistance	\$ 16,667
Mentor U Program Passthroughs	20,834
	<hr/>
	37,501
Subject to the passage of time:	
United Way of Southwest Louisiana	22,500
	<hr/>
	\$ 60,001

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7. Concentration of Revenue and Support**

The Organization receives funding from the United Way of Southwest Louisiana, individual contributions, fundraisers, grants, bingo revenues, interest, and other income. A majority of the revenue for the Organization's programs is provided by bingo revenues (37%), federal and state grants (38%) and contributions/fundraising including funding from the United Way of Southwest Louisiana (6%). If the Organization no longer held the bingo sessions, or there were significant reductions in amounts received in funding or by donors, the operations of the Organization could be adversely impacted.

**8. Advertising Costs**

Advertising costs are charged to operations when incurred. For the year ended December 31, 2021, the Organization incurred \$21,801 in publicity and promotion costs.

**9. Revenue Recognition**

On January 1, 2019, the Organization adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract.

Bingo revenues, which includes \$828,742 in gross revenues netted against \$340,354 in awards, are recognized when based on the outcome of an event either (1) the Organization retains the amount wagered by the customer or (2) the wager is returned to the customer along with an additional amount effectively representing the Organizations side of the wager in the agreement. Fundraising revenues representing reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Organization's estimate of the transaction price is determined based on the cost expended to provide such goods or services.

The following table presents the Organization's net revenue disaggregated based on the revenue source:

<u>For the year ended December 31,</u>	<u>2021</u>	<u>2020</u>
Bingo revenues, net of awards and progressive	\$ 488,388	\$ 223,328
Fundraising event exchange transactions	29,604	19,724
Total revenue from contracts with customers	<u>\$ 517,992</u>	<u>\$ 243,052</u>

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

10. Contributed Goods and Services

FASB ASC 958-605-50-1 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a nonfinancial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. During the year, the value of these contributed services which consisted of answering services and advertising totaled \$14,475 and met the requirements for recognition in the financial statements. Donated goods which are recorded at fair market value include fundraiser prizes and supplies as well as foster grandparent program meals totaling \$10,615.

11. Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**NOTE B - FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments as of December 31, 2021, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, grants receivable, unconditional promises to give, prepaid expenses, accounts payable, accrued expenses, unrelated business income taxes payable and deferred support approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

**NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE D – NOTE PAYABLE**

The Organization has one note payable as of December 31, 2021:

Paycheck Protection Program (PPP) note payable dated January 29, 2021, in the amount of \$95,795; matures on January 29, 2026, bearing fixed interest of 1.00%. Interest only payments until maturity. The note may only be used for payroll costs, benefits, mortgage interest, rent, utilities, and worker protection costs related to COVID-19. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan maybe forgiven if they are used for qualifying expenses as described in the CARES Act.

	<u>\$ 95,795</u>
Total debt	95,795
Less: current portion	<u>(18,809)</u>
Long-term debt	<u>\$ 76,986</u>

Maturities of debt are as follows:

<u>December 31:</u>	<u>Amount</u>
2022	\$ 18,809
2023	18,998
2024	19,189
2025	19,382
2026	<u>19,417</u>
Total	<u>\$ 95,795</u>

During the year ended December 31, 2020, the Organization received a loan in the amount of \$97,500 from the first round of the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. During the year ended December 31, 2021, the Organization applied for and has been notified that \$97,500 in eligible expenditures for payroll and other expenses described in the CAERS Act has been forgiven. Loan forgiveness is reflected in the accompanying statement of activities.

**NOTE E - RETIREMENT PLAN**

The Organization participated in a defined contribution retirement plan that covers all full-time employees fulfilling the eligibility requirements set by the plan underwriter. Contributions to the plan were three percent (3%) of gross wages during 2021 and amounted to \$15,686. In compliance with the requirements of the Tax Reform Act of 1986, the Board of Directors on September 17, 1997 voted to amend its retirement plan. On March 20, 1998, the Internal Revenue Service issued a favorable determination letter regarding this amendment.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE F – BENEFICIAL INTEREST IN ASSETS**

During 2018, the Organization transferred \$10,000 of assets to the Community Foundation of Southwest Louisiana (the “Foundation”) which is holding them as an endowed component fund (“Fund”) for the benefit of non-related charitable organizations. During 2020, the Organization transferred an additional \$7,500 of assets to the Foundation. The Organization has granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to use the Fund for the Foundation’s charitable purposes. The Fund is subject to the Foundation’s investment and spending policies which currently result in a distribution of 5% of the Fund as of the end of each calendar quarter. Any distributions from the Fund cannot cause the fair value of the Fund to drop below its Historic Dollar Value of \$17,500. The Organization has the ability to request termination of this agreement at any time. Upon termination the remainder of these funds would be return to Big Brothers Big Sisters of SWLA. The Community Foundation of Southwest Louisiana charges a 0.25% quarterly administrative fee.

Changes in the Fund for the year ended December 31, 2021 are as follows:

<b>Balance as of January 1, 2021</b>	\$ 19,462
Amounts invested in the Fund	-
Share of appreciation of Fund	3,870
Administration Fees	(581)
Distributions made from Fund	-
<b>Balance as of December 31, 2021</b>	<b>\$ 22,751</b>

The summary of changes in fair value of the beneficial interest in the assets held by the Community Foundation of SWLA has been prepared to reflect the activity in the same categories as those provided by the Community Foundation of SWLA. Net investment performance includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in change in value of beneficial interest in assets held by others in the accompanying statements of activities. Typically, distributions decrease the Organization’s respective financial asset and increase cash at the time of distribution.

**NOTE G – INVESTMENTS**

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE G – INVESTMENTS (Continued)**

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

*Beneficial interest in assets held by the Community Foundation of SWLA:* The fair value of the Organization’s beneficial interest in assets held by the Community Foundation of SWLA is based on the fair value of fund investments as reported by the Community Foundation of SWLA. These are considered to be level 3 investments. See Note F for a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ending December 31, 2021.

As of December 31, 2021, the Organization’s investments measured on a recurring basis consisted of certificate of deposit investments with fair market value (Level 3) and cost bases as follows:

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Beneficial Interest in Assets (Level 3 Unobservable Inputs)	\$ 17,500	\$ 22,751	\$ 5,251

**NOTE H – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has \$273,794 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$230,688, unconditional promises to give of \$28,052 and grants receivable of \$15,054. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$170,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization deposits cash in excess of daily requirements in its interest-bearing savings account.

**NOTE I - COMPENSATED ABSENCES**

Employees of Big Brothers/Big Sisters of Southwest Louisiana, Inc. are entitled to paid vacation and personal days off depending on job classification, length of service and other factors. The value of these compensated absences is calculated based on the employee’s pay rate at the end of the year. Accrued compensated absences totaled \$25,537 as of December 31, 2021.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE J - INCOME TAXES**

Big Brothers/Big Sisters of Southwest Louisiana, Inc. was incorporated under the laws of the state of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. The Organization is subject to income tax on unrelated business income which includes the net pull tab profit received from the bingo operations. Income tax amounted to \$40,381 for the year ended December 31, 2021. Big Brothers/Big Sisters of Southwest Louisiana, Inc. is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-T, *Exempt Organization Business Income Tax Return*. Returns are subject to examination by the IRS, generally for three years after they are filed.

**NOTE K - UNCONDITIONAL PROMISES TO GIVE**

During the year ended December 31, 2021, the Organization received its United Way allocation of \$37,500 for the period September 2021 through June 2022. The receivable of \$22,500 is the amount for January 2022 through June 2022. This allocation is donor restricted as to time of receipt and is properly reflected in the accompanying Statement of Activities as an increase in donor restricted net assets. Uncollectible allocations are expected to be insignificant.

**NOTE L - LEASES**

The Organization conducts its bingo sessions at various facilities. Rent is paid for each bingo session held. The leases are renewed annually and lease expense totaled \$42,800 for the year ended December 31, 2021.

**NOTE M – CASH AND CASH EQUIVALENTS**

The Organization maintains the following cash accounts:

		December 31, 2021
Petty Cash Accounts	\$	260
Operating Account		75,063
Savings Account		78,994
* Bingo/Pull Tab Accounts	\$	83,971

\* The Organization is required to maintain a separate bank account for the gaming accounts.

**NOTE N - FUND-RAISING EXPENSE**

Fund-raising expenses related to the Bags and Brews, Farm to Tableau and golf tournament events totaled \$177,148 or 75% of the total special events revenues. Special events are shown net of these costs on the Statement of Activities for the year ended December 31, 2021. The amount of salaries and related payroll taxes, and other expenses allocated to fund-raising are not included in the above total.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**NOTE O - CONCENTRATION OF RISK**

Big Brothers/Big Sisters of Southwest Louisiana, Inc. maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC), based on balances and interest rate terms. Amounts held in financial institutions occasionally are in excess of Federal Deposit Insurance Corporation limits. The Organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of promises to give receivable, grants receivable, and \$22,751 in a beneficial interest in assets held by the Community Foundation of SWLA. Amounts receivable from promises to give as of December 31, 2021 consist of \$28,052 from the United Way of Southwest Louisiana. Grants receivable as of December 31, 2021 consist of \$12,500 from the Calcasieu Parish Police Jury and \$2,554 from the Louisiana Children's Trust Fund.

**NOTE P – CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency reviews. Any disallowed expenditures, including amounts already collected, may constitute a liability. Management is not aware of any disallowed expenditures as of December 31, 2021.

In August 2020 and October 2020, Hurricanes Laura and localized flooding inflicted extensive damage to the Organization's Lake Charles, Louisiana office building. The Organization has restored the office building and has incurred significant costs which are expected to be partially reimbursed by their commercial property insurance policy. These financial statements include capitalized restorative expenditures totaling \$536,419. The restorative efforts of the remaining damages to the building are considered repairs and expensed as incurred. Restorative repair expenditures including in occupancy total \$91,138 during the year ended December 31, 2021.

The Organization is making efforts to obtain additional insurance reimbursements from the hurricane damages to the Lake Charles office building, but the final potential settlement has not yet been determined.

**NOTE Q - SUBSEQUENT EVENT**

The Organization evaluated its December 31, 2021 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

# STEVEN M. DEROUEN & ASSOCIATES, LLC

*Certified Public Accountants*  
2720 RUE DE JARDIN, SUITE 300  
P. O. BOX 4265  
LAKE CHARLES, LA 70606  
(337) 513-4915 OFFICE/ (337) 205-6927 FAX  
steve@sderouenpa.com

Member American Institute of  
Certified Public Accountants

Member Louisiana Society of  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Big Brothers/Big Sisters of Southwest Louisiana, Inc.  
Lake Charles, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Big Brothers/Big Sisters of Southwest Louisiana, Inc.'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 Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Big Brothers/Big Sisters of Southwest Louisiana, Inc.'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 may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana  
May 25, 2022

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**SCHEDULE OF FINDINGS AND RESPONSES**

**Year Ended December 31, 2021**

We have audited the financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. for the year ended December 31, 2021, and have issued our report thereon dated May 25, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2021 resulted in an unmodified opinion.

**Section I – Summary of Auditor’s Report**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness  Yes  No Other Conditions Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**Section II – Financial Statement Findings**

There were no current year financial statement findings.

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended December 31, 2021**

**NONE**

**Big Brothers/Big Sisters of Southwest Louisiana, Inc.**

**Schedule of Compensation, Benefits and Other Payments to Executive Director**

**Paid from Public Funds**

**December 31, 2021**

NO COMPENSATION PAID FROM PUBLIC FUNDS

Agency Head Name: Erin Davison, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	0.00
Benefits-health insurance	0.00
Benefits-retirement	0.00
Benefits-Life, ADD, LTD	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements – Auto Mileage Reimb	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00