

Financial Statements



December 31, 2020

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Big Brothers Big Sisters of Bath/Brunswick

December 31, 2020

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Independent Auditors' Report

**To the Board of Directors
Big Brothers Big Sisters of Bath/Brunswick
Brunswick, Maine**

We have audited the accompanying financial statements of Big Brothers Big Sisters of Bath/Brunswick (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Bath/Brunswick as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Professional Association

**Portland, Maine
July 14, 2021**

Statement of Financial Position

Big Brothers Big Sisters of Bath/Brunswick

As of December 31, 2020

(with comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 107,007	\$ 75,979
Investments	5,770	1,769
Accounts receivable	3,208	-
Prepaid expenses	1,308	1,506
Total Current Assets	<u>117,293</u>	<u>79,254</u>
 Property and Equipment		
Office equipment	9,383	8,883
Less: accumulated depreciation	<u>5,496</u>	<u>7,249</u>
	<u>3,887</u>	<u>1,634</u>
Total Assets	<u>\$ 121,180</u>	<u>\$ 80,888</u>
 Current Liabilities		
Accounts payable	\$ 1,543	\$ 435
Accrued expenses	<u>4,169</u>	<u>3,083</u>
Total Current Liabilities	5,712	3,518
 Net Assets		
Without donor restrictions	97,103	75,215
With donor restrictions	<u>18,365</u>	<u>2,155</u>
Total Net Assets	<u>115,468</u>	<u>77,370</u>
Total Liabilities and Net Assets	<u>\$ 121,180</u>	<u>\$ 80,888</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Big Brothers Big Sisters of Bath/Brunswick

For the Year Ended December 31, 2020
(with comparative totals for December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions:				
Monetary	\$ 108,928	\$ -	\$ 108,928	\$ 66,639
Special events	65,279	-	65,279	134,453
Grants	43,936	17,000	60,936	42,392
Interest and dividend income	27	-	27	-
In-kind income	21,610	-	21,610	34,007
Paycheck Protection Program loan forgiveness	26,286	-	26,286	-
Net assets released from restrictions	790	(790)	-	-
Total Revenues and Other Support	<u>266,856</u>	<u>16,210</u>	<u>283,066</u>	<u>277,491</u>
Expenses				
Program services	138,803	-	138,803	135,744
Management and general	49,386	-	49,386	35,763
Fundraising	57,691	-	57,691	64,076
Total Expenses	<u>245,880</u>	<u>-</u>	<u>245,880</u>	<u>235,583</u>
Revenues Over Expenses	20,976	16,210	37,186	41,908
Investment gains	912	-	912	814
Increase in Net Assets	<u>21,888</u>	<u>16,210</u>	<u>38,098</u>	<u>42,722</u>
Net assets at beginning of year	<u>75,215</u>	<u>2,155</u>	<u>77,370</u>	<u>34,648</u>
Net Assets at End of Year	<u>\$ 97,103</u>	<u>\$ 18,365</u>	<u>\$ 115,468</u>	<u>\$ 77,370</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Big Brothers Big Sisters of Bath/Brunswick

For the Year Ended December 31, 2020

(with comparative totals for December 31, 2019)

	2020				2019
	Program	Management & General	Fundraising	Total	Total
Expenses					
Compensation and benefits	\$ 104,287	\$ 32,651	\$ 18,189	\$ 155,127	\$ 139,916
Special events	-	-	14,337	14,337	36,563
Rent and utilities expense	13,024	3,599	2,055	18,678	17,358
Insurance	-	6,944	-	6,944	7,695
National and local dues	5,700	272	-	5,972	7,174
Maintenance and equipment	3,752	1,216	1,058	6,026	2,948
Travel	385	-	-	385	868
Depreciation	249	249	249	747	942
Postage and newsletter	898	281	2,948	4,127	3,164
Professional expenses	-	3,562	17,000	20,562	8,304
Supplies	3,391	223	127	3,741	672
Subscriptions	3,200	-	-	3,200	1,600
Background checks	790	-	-	790	2,346
Miscellaneous	3,127	389	1,728	5,244	2,087
Total Expenses	<u>\$ 138,803</u>	<u>\$ 49,386</u>	<u>\$ 57,691</u>	<u>\$ 245,880</u>	<u>\$ 231,637</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows

Big Brothers Big Sisters of Bath/Brunswick

For the Year Ended December 31, 2020
(with comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
Operating Activities		
Increase in net assets	\$ 38,098	\$ 42,722
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	(26,286)	-
Depreciation	747	942
Gain on investments	(912)	(814)
(Increase) decrease in operating assets:		
Accounts receivable	(3,208)	-
Prepaid expenses	198	(559)
Increase (decrease) in operating liabilities:		
Accounts payable	1,108	(1,662)
Accrued expenses	1,086	1,508
Net Cash Provided by Operating Activities	<u>10,831</u>	<u>42,137</u>
Investing Activities		
Purchase of investments	(5,772)	-
Purchase of property and equipment	(3,000)	-
Sale of investments	2,683	-
Net Cash Used by Investing Activities	<u>(6,089)</u>	<u>-</u>
Financing Activities		
Proceeds from Paycheck Protection Program loan	26,286	-
Net Cash Provided by Financing Activities	<u>26,286</u>	<u>-</u>
Increase in Cash	31,028	42,137
Cash at beginning of year	<u>75,979</u>	<u>33,842</u>
Cash at End of Year	<u>\$ 107,007</u>	<u>\$ 75,979</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Big Brothers Big Sisters of Bath/Brunswick

Note A - Summary of Significant Accounting Policies

Nature of Activities

Big Brothers Big Sisters of Bath/Brunswick (the Organization) is a nonprofit organization located in Brunswick, Maine for the purpose of making a positive difference in the lives of children residing in the greater Bath/Brunswick communities and the Sagadahoc County area, primarily through professionally supported one-to-one relationships with caring adults who assist them in attaining their highest potential. The Organization is an affiliate of Big Brothers Big Sisters of America.

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Organization's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Services and Materials

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which typically would be purchased if not provided by donation. Donated materials are recorded at the fair value at the date of the gift. During the year, materials and professional services were donated to the Organization. The value of materials and professional services was \$7,120. Rent was paid at a discount during the year. The fair market value of rent over the amount paid by the Organization during the year was \$14,490.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction.

When a restriction expires (that is, when a 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 Statement of Activities as net assets released from restrictions.

In accordance with ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash in banks and all other highly liquid investments with a maturity of less than three months to be cash and cash equivalents for the purpose of cash flows. The Organization maintains its cash and cash equivalents in bank deposit accounts, and at times balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Investments

The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets, in the accompanying statement of activities.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note A - Summary of Significant Accounting Policies - Continued

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over appropriate estimated useful lives.

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized. Depreciation expense for the years ended December 31, 2020 and 2019 was \$747 and \$942, respectively.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Organization. Those expenses include compensation, payroll taxes and benefits, occupancy, maintenance and equipment, and depreciation. Compensation, payroll taxes and benefits are allocated based on estimates of time and effort, certain costs of occupancy, maintenance and equipment, and depreciation and other office and utility expenses are based on management's estimate of the appropriate allocations for each expense.

Comparative Data

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, 2019, from which the summarized information was derived. Some prior year balances have been reclassified to conform with the current year presentation.

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842). This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the organization for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements, if presented. Management is currently evaluating the impact of adoption on its financial statements

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note B - Investments

Investments are stated at fair value as of December 31, 2020 as follows:

Money market	\$ <u>5,770</u>
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Investment income is summarized as follows:

Dividend income	\$ -
Net unrealized gain (loss)	<u>912</u>
Total investment gain (loss)	\$ <u>912</u>

Note C - Fair Value Measurements

The Organization applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note C - Fair Value Measurements - Continued

The following summarizes fair values of investment assets by levels within the fair value hierarchy at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ <u>5,770</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,770</u>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment based on the lowest level of input that is significant to the fair value measurement. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Note D - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Organization received a loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program (PPP), established as part of the 2020 CARES Act. The \$26,286 promissory note was to be forgiven if the loan was used for payroll, rent, mortgage interest, or utilities incurred over the twenty four week period starting from the day the funds were received from the lender (with at least 60% of the loan being used for payroll). In addition, the Organization needed to maintain staffing and 75% of salaries as assessed individually, subject to certain exemptions. For any portion of the loan not forgiven, principal and interest payments were to begin on the seven month anniversary of execution of the note, with interest at a rate of 1% and principal in an amount so that the remaining loan balance fully amortized by the maturity date of April 16, 2022.

In January of 2021, Big Brothers Big Sisters of Bath/Brunswick received notification of forgiveness from the SBA. Accordingly, the Organization has recognized the entire balance of \$26,286 as revenue on the accompanying Statement of Activities for the year ended December 31, 2020.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note E - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
<i>Subject to expenditure for specified purpose:</i>		
Funding for Brunswick Youth	\$ 2,500	\$ -
Literature for Littles	7,000	-
COVID-19 program support	7,500	-
Background checks	<u>1,365</u>	<u>2,155</u>
Total net assets with donor restrictions	<u>\$ 18,365</u>	<u>\$ 2,155</u>

Note F - Liquidity and Availability

Financial assets consist of the Organization's cash and cash equivalents, accounts receivable and investments. The following reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end	\$ 115,985	\$ 77,748
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	<u>(18,365)</u>	<u>(2,155)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 97,620</u>	<u>\$ 75,593</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2021.

The Organization is substantially supported by contributions from donations solicited and contributions received. The Organization actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note G - Income Taxes

The Organization qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2017 due to statute of limitations. The Organization has adopted the provisions of FASB ASC, Income Taxes. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Note H - Subsequent Events

Subsequent to year-end, the Organization received a second-draw PPP loan, containing the same general loan terms as the Organization's 2020 PPP loan. For any portion of \$30,653 not forgiven, repayment over sixty months at 1% interest will commence in December 2021 with a January 2026 maturity date.

Management has made an evaluation of subsequent events up to and including July 14, 2021, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.