

Financial Statements



December 31, 2021

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Big Brothers Big Sisters of Bath/Brunswick

December 31, 2021

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Independent Auditors' Report

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

Opinion

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, 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 referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Bath/Brunswick 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers Big Sisters of Bath/Brunswick and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Bath/Brunswick's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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


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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Bath/Brunswick'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 Bath/Brunswick's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 14, 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.



Professional Association

**Portland, Maine
August 29, 2022**

Statement of Financial Position

Big Brothers Big Sisters of Bath/Brunswick

As of December 31, 2021

(with comparative totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 147,173	\$ 107,007
Investments	26,816	5,770
Accounts receivable	1,150	3,208
Prepaid expenses	1,049	1,308
	<u>176,188</u>	<u>117,293</u>
Total Current Assets	176,188	117,293
Property and Equipment		
Office equipment	9,383	9,383
Less: accumulated depreciation	6,516	5,496
	<u>2,867</u>	<u>3,887</u>
Total Assets	<u>\$ 179,055</u>	<u>\$ 121,180</u>
Current Liabilities		
Accounts payable	\$ 2,411	\$ 1,543
Accrued expenses	3,871	4,169
	<u>6,282</u>	<u>5,712</u>
Total Current Liabilities	6,282	5,712
Net Assets		
Without donor restrictions	168,585	97,103
With donor restrictions	4,188	18,365
	<u>172,773</u>	<u>115,468</u>
Total Net Assets	172,773	115,468
Total Liabilities and Net Assets	<u>\$ 179,055</u>	<u>\$ 121,180</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, 2021
(with comparative totals for December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions:				
Monetary	\$ 119,334	\$ -	\$ 119,334	\$ 108,928
Special events	103,603	-	103,603	65,279
Grants	48,463	5,000	53,463	60,936
Interest and dividend income	281	-	281	27
In-kind income	33,333	-	33,333	21,610
Paycheck Protection Program loan forgiveness	30,653	-	30,653	26,286
Miscellaneous income	655	-	655	-
Net assets released from restrictions	19,177	(19,177)	-	-
Total Revenues and Other Support	355,499	(14,177)	341,322	283,066
Expenses				
Program services	150,873	-	150,873	138,803
Management and general	50,534	-	50,534	49,386
Fundraising	83,029	-	83,029	57,691
Total Expenses	284,436	-	284,436	245,880
Revenues Over (Under) Expenses	71,063	(14,177)	56,886	37,186
Investment gains	419	-	419	912
Increase (Decrease) in Net Assets	71,482	(14,177)	57,305	38,098
Net assets at beginning of year	97,103	18,365	115,468	77,370
Net Assets at End of Year	\$ 168,585	\$ 4,188	\$ 172,773	\$ 115,468

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, 2021
(with comparative totals for December 31, 2020)

	2021				2020
	Program	Management & General	Fundraising	Total	Total
Expenses					
Compensation and benefits	\$ 113,681	\$ 28,816	\$ 23,440	\$ 165,937	\$ 155,127
Special events	-	-	28,320	28,320	14,337
Rent and utilities expense	16,529	3,964	3,191	23,684	18,678
Insurance	-	6,917	-	6,917	6,944
National and local dues	6,432	272	550	7,254	5,972
Maintenance and equipment	2,662	3,862	944	7,468	6,026
Travel	528	-	-	528	385
Depreciation	340	340	340	1,020	747
Postage and newsletter	1,090	147	3,937	5,174	4,127
Professional expenses	-	5,879	20,400	26,279	20,562
Supplies	3,347	30	68	3,445	3,741
Subscriptions	3,467	-	-	3,467	3,200
Background checks	1,362	-	-	1,362	790
Miscellaneous	1,435	307	1,839	3,581	5,244
Total Expenses	<u>\$ 150,873</u>	<u>\$ 50,534</u>	<u>\$ 83,029</u>	<u>\$ 284,436</u>	<u>\$ 245,880</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, 2021
(with comparative totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
Operating Activities		
Increase in net assets	\$ 57,305	\$ 38,098
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	(30,653)	(26,286)
Depreciation	1,020	747
Gain on investments	(419)	(912)
Donated stock	(15,100)	-
(Increase) decrease in operating assets:		
Accounts receivable	2,058	(3,208)
Prepaid expenses	259	198
Increase (decrease) in operating liabilities:		
Accounts payable	868	1,108
Accrued expenses	(298)	1,086
Net Cash Provided by Operating Activities	<u>15,040</u>	<u>10,831</u>
Investing Activities		
Purchase of investments	(20,339)	(5,772)
Purchase of property and equipment	-	(3,000)
Sale of investments	14,812	2,683
Net Cash Used by Investing Activities	<u>(5,527)</u>	<u>(6,089)</u>
Financing Activities		
Proceeds from Paycheck Protection Program loan	30,653	26,286
Net Cash Provided by Financing Activities	<u>30,653</u>	<u>26,286</u>
Increase in Cash	40,166	31,028
Cash at beginning of year	<u>107,007</u>	<u>75,979</u>
Cash at End of Year	<u>\$ 147,173</u>	<u>\$ 107,007</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 \$13,883. 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 \$19,450.

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, 2021 and 2020 was \$1,020 and \$747, 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, 2020, 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, 2021 as follows:

Money market	\$	108
Equities		13,971
Fixed income		9,354
International		<u>3,383</u>
	\$	<u>26,816</u>

Investment income is summarized as follows:

Dividend income	\$	263
Net unrealized gain (loss)		<u>419</u>
Total investment gain (loss)	\$	<u>682</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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 108	\$ -	\$ -	\$ 108
Equities	13,971	-	-	13,971
Fixed income	9,354	-	-	9,354
International	3,383	-	-	3,383
	<u>\$ 26,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,816</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 \$26,286 loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program (PPP), established as part of the 2020 CARES Act. A second-draw PPP loan in the amount of \$30,653 was received during the year ended December 31, 2021. The promissory notes were to be forgiven if the loans were 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 loans 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 balances were fully amortized by the maturity dates.

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

In December of 2021, the Organization received notification on the second-draw PPP loan forgiveness from the SBA. Accordingly, the Organization recognized the entire balance of \$30,653 as revenue on the accompanying Statement of Activities for the year ended December 31, 2021.

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>2021</u>	<u>2020</u>
<i>Subject to expenditure for specified purpose:</i>		
Volunteer recruitment	\$ 4,000	\$ -
Outdoor gear for Littles	188	-
Funding for Brunswick Youth	-	2,500
Literature for Littles	-	7,000
COVID-19 program support	-	7,500
Background checks	-	1,365
Total net assets with donor restrictions	<u>\$ 4,188</u>	<u>\$ 18,365</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, 2021, 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>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 175,139	\$ 115,985
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>(4,188)</u>	<u>(18,365)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 170,951</u>	<u>\$ 97,620</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 2022.

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 2018 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

Management has made an evaluation of subsequent events up to and including August 29, 2022, 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.