

Financial Statements



December 31, 2022

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Big Brothers Big Sisters of Bath/Brunswick

December 31, 2022

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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, 2022, 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, 2022, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Purdy Powers & Company

Professional Association

**Portland, Maine
October 2, 2023**

Statement of Financial Position

Big Brothers Big Sisters of Bath/Brunswick

As of December 31, 2022

(with comparative totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 184,377	\$ 147,173
Investments	116,491	26,816
Accounts receivable	12,452	1,150
Prepaid expenses	5,528	1,049
	<u>318,848</u>	<u>176,188</u>
Total Current Assets	318,848	176,188
Property and Equipment		
Office equipment	8,133	9,383
Less: accumulated depreciation	<u>5,102</u>	<u>6,516</u>
	<u>3,031</u>	<u>2,867</u>
Total Assets	<u>\$ 321,879</u>	<u>\$ 179,055</u>
Current Liabilities		
Accounts payable	\$ 5,651	\$ 2,411
Accrued expenses	<u>5,564</u>	<u>3,871</u>
	<u>11,215</u>	<u>6,282</u>
Total Current Liabilities	11,215	6,282
Net Assets		
Without donor restrictions	305,308	168,585
With donor restrictions	<u>5,356</u>	<u>4,188</u>
	<u>310,664</u>	<u>172,773</u>
Total Net Assets	310,664	172,773
Total Liabilities and Net Assets	<u>\$ 321,879</u>	<u>\$ 179,055</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, 2022
(with comparative totals for December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions:				
Monetary	\$ 181,586	\$ -	\$ 181,586	\$ 119,334
Special events	144,986	-	144,986	103,603
Grants	38,850	7,500	46,350	53,463
Interest and dividend income	960	-	960	281
Contributed nonfinancial assets	41,365	-	41,365	33,333
Paycheck Protection Program loan forgiveness	-	-	-	30,653
Miscellaneous income	-	-	-	655
Net assets released from restrictions	6,332	(6,332)	-	-
Total Revenues and Other Support	414,079	1,168	415,247	341,322
Expenses				
Program services	145,464	-	145,464	150,873
Management and general	69,037	-	69,037	50,534
Fundraising	79,966	-	79,966	83,029
Total Expenses	294,467	-	294,467	284,436
Revenues Over (Under) Expenses	119,612	1,168	120,780	56,886
Other Income				
Employee Retention Tax Credit	22,372	-	22,372	-
Investment gains (losses)	(5,261)	-	(5,261)	419
Total Other Income	17,111	-	17,111	419
Increase (Decrease) in Net Assets	136,723	1,168	137,891	57,305
Net assets at beginning of year	168,585	4,188	172,773	115,468
Net Assets at End of Year	\$ 305,308	\$ 5,356	\$ 310,664	\$ 172,773

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, 2022

(with comparative totals for December 31, 2021)

	2022				2021
	Program	Management & General	Fundraising	Total	Total
Expenses					
Compensation and benefits	\$ 101,196	\$ 46,874	\$ 29,641	\$ 177,711	\$ 165,937
Special events	-	-	36,583	36,583	28,320
Rent and utilities expense	18,150	5,808	5,052	29,010	23,684
Insurance	4,453	2,828	-	7,281	6,917
National and local dues	6,557	427	-	6,984	7,254
Maintenance and equipment	1,004	531	419	1,954	7,468
Travel	553	-	92	645	528
Depreciation	602	311	187	1,100	1,020
Postage and newsletter	703	362	2,430	3,495	5,174
Professional expenses	2,595	10,364	2,634	15,593	26,279
Supplies	1,474	725	400	2,599	3,445
Subscriptions	3,288	-	-	3,288	3,467
Background checks	1,861	-	-	1,861	1,362
Miscellaneous	3,028	807	2,528	6,363	3,581
Total Expenses	<u>\$ 145,464</u>	<u>\$ 69,037</u>	<u>\$ 79,966</u>	<u>\$ 294,467</u>	<u>\$ 284,436</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, 2022
(with comparative totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Operating Activities		
Increase in net assets	\$ 137,891	\$ 57,305
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Paycheck Protection Program loan forgiveness	-	(30,653)
Depreciation	1,100	1,020
(Gain) loss on investments	5,261	(419)
Donated stock	(12,227)	(15,100)
(Increase) decrease in operating assets:		
Accounts receivable	(11,302)	2,058
Prepaid expenses	(4,479)	259
Increase (decrease) in operating liabilities:		
Accounts payable	3,240	868
Accrued expenses	1,693	(298)
Net Cash Provided by Operating Activities	<u>121,177</u>	<u>15,040</u>
Investing Activities		
Purchase of investments	(103,243)	(20,339)
Purchase of property and equipment	(1,264)	-
Sale of investments	20,534	14,812
Net Cash Used by Investing Activities	<u>(83,973)</u>	<u>(5,527)</u>
Financing Activities		
Proceeds from Paycheck Protection Program loan	-	30,653
Net Cash Provided by Financing Activities	<u>-</u>	<u>30,653</u>
Increase in Cash	37,204	40,166
Cash at beginning of year	<u>147,173</u>	<u>107,007</u>
Cash at End of Year	<u>\$ 184,377</u>	<u>\$ 147,173</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 \$18,065. 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 \$23,300.

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.

In Management's judgement, any revenue received subject to ASC 606 during the year ended December 31, 2022 is insignificant to the financial statements.

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.

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.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note A - Summary of Significant Accounting Policies - Continued

Property and Equipment - Continued

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 year ended December 31, 2022 was \$1,100.

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, 2021, from which the summarized information was derived.

New Accounting Pronouncements

On January 1, 2022, the Company adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), and all subsequent amendments (collectively, "ASC 842" or "Topic 842"). The core principle of Topic 842 is that a lessee should recognize a right of use ("ROU") asset and a related lease liability on the balance sheet for most leases. The Company adopted ASC 842 using the transition alternative provided by ASU 2018-11 *Leases* (Topic 842) - Targeted Improvements, under which an entity initially applies ASC 842 to all leases existing at the adoption date, and comparative periods are presented in the financial statements under the legacy lease guidance of ASC 840. Under the transition alternative, all relevant transition disclosures are provided as of the beginning of the period of adoption (January 1, 2022) rather than at the beginning of the earliest period presented.

The Organization has evaluated the applicability of ASC 842, and has determined that there are no such lease agreements.

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures of Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to increase transparency of contributed nonfinancial assets for not-for profit entities. The Update requires enhancement to presentation and disclosure of these contributed assets.

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, 2022 as follows:

Money market	\$	70,332
Equities		23,653
Fixed income		17,411
International		<u>5,095</u>
	\$	<u>116,491</u>

Investment income is summarized as follows:

Dividend income	\$	524
Net unrealized loss		<u>(5,261)</u>
Total investment loss	\$	<u>(4,737)</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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 70,332	\$ -	\$ -	\$ 70,332
Equities	23,653	-	-	23,653
Fixed income	17,411	-	-	17,411
International	5,095	-	-	5,095
	<u>\$ 116,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,491</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 - Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
<i>Subject to expenditure for specified purpose:</i>		
Volunteer recruitment	\$ 190	\$ 4,000
Outdoor gear for Littles	4,166	188
Program supplies	1,000	-
Total net assets with donor restrictions	<u>\$ 5,356</u>	<u>\$ 4,188</u>

Note E - 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, 2022, 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.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note E - Liquidity and Availability - Continued

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

Financial assets, at year-end	\$ <u>2022</u> 313,320	\$ <u>2021</u> 175,139
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	(5,356)	(4,188)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 307,964</u>	<u>\$ 170,951</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 2023.

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.

Note F - Contributed Nonfinancial Assets

For the year ended December 31, 2022, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2023</u>
Rent	\$ 23,300
Food	4,150
Gift cards	2,700
Other	11,215
	<u>\$ 41,365</u>

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 2019 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.

Notes to Financial Statements - Continued

Big Brothers Big Sisters of Bath/Brunswick

Note H - Retirement Plan

During the current year, the Organization implemented a SIMPLE retirement plan with a 3% match open to all employees. Match expense for December 31, 2022 amounted to \$808.

Note I - Related Party Transactions

The Organization is an independent 501(c)(3) affiliate of Big Brothers Big Sisters of America. During the year ended December 31, 2022, the Organization paid affiliate fees of \$6,507 and technology fees for software usage of \$3,288 to the national organization.

Note J - Subsequent Events

Management has made an evaluation of subsequent events up to and including October 2, 2023, 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.