

**BIG BROTHERS BIG SISTERS
OF BUTLER COUNTY, INC.**

Audited Financial Statements

December 31, 2020 and 2019



BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Brothers Big sisters of Butler County, Inc.
Hamilton, Ohio

We have audited the accompanying financial statements of Big Brothers Big sisters of Butler County, Inc (an Ohio nonprofit corporation, the "Organization"), which comprise the statements of financial position, as of December 31, 2020 and 2019, and the related statements of activities, statements of functional expenses, and statements of cash flows for the years 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 audits. We conducted our audits 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 of 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 auditors' 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 Butler County, Inc as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sheldon Reder CPAs

Cincinnati, OH
March 5, 2021

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 165,338	\$ 68,535
Accounts receivable	17,369	8,142
Pledges receivable	-	4,500
Gift cards	71	178
Prepaid expenses	2,146	2,146
TOTAL CURRENT ASSETS	184,924	83,501
NON-CURRENT ASSETS		
FIXED ASSETS		
Office furniture and equipment	53,690	52,779
Leasehold improvements	2,581	2,581
Less accumulated depreciation	(51,912)	(47,156)
FIXED ASSETS, NET	4,359	8,204
OTHER NON-CURRENT ASSETS		
Cash in savings, restricted	1,165	1,165
Deposits	2,250	2,250
TOTAL NON-CURRENT ASSETS	7,774	11,619
TOTAL ASSETS	\$ 192,698	\$ 95,120
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,483	\$ -
Payroll liabilities	21,542	22,518
TOTAL CURRENT LIABILITIES	24,025	22,518
NET ASSETS		
Without donor restrictions	167,508	66,937
With donor restrictions	1,165	5,665
TOTAL NET ASSETS	168,673	72,602
TOTAL LIABILITIES AND NET ASSETS	\$ 192,698	\$ 95,120

See accompanying notes and independent auditors' report.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 71,307	\$ -	\$ 71,307
Foundations and trusts	154,363	-	154,363
Grants			
Government agencies	362,294	-	362,294
PPP loan forgiveness	139,400	-	139,400
United Way	86,551	-	86,551
Donated professional services	1,450		1,450
In-Kind contributions	35,169	-	35,169
Gross special events revenue	61,072	-	61,072
Less cost of direct benefits to donors	(15,297)	-	(15,297)
Net special events revenue	45,775	-	45,775
Bureau of Workers' Compensation refund	28,002	-	28,002
Net assets released from restrictions	4,500	(4,500)	-
TOTAL REVENUE AND PUBLIC SUPPORT	<u>928,811</u>	<u>(4,500)</u>	<u>924,311</u>
EXPENSES			
Program services expense	628,971	-	628,971
Supporting services expense			
Management and general	107,026	-	107,026
Fundraising and development	92,243	-	92,243
Total supporting services expenses	199,269	-	199,269
TOTAL OPERATING EXPENSES	<u>828,240</u>	<u>-</u>	<u>828,240</u>
CHANGE IN NET ASSETS FROM OPERATIONS	100,571	(4,500)	96,071
NET ASSETS - BEGINNING OF YEAR	<u>66,937</u>	<u>5,665</u>	<u>72,602</u>
NET ASSETS - END OF YEAR	<u>\$ 167,508</u>	<u>\$ 1,165</u>	<u>\$ 168,673</u>

See accompanying notes and independent auditors' report.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 88,942	\$ 4,500	\$ 93,442
Foundations and trusts	143,341	-	143,341
Grants			
Government agencies	380,085	-	380,085
United Way	103,399	-	103,399
Donated professional services	35,928	-	35,928
In-Kind contributions	48,720	-	48,720
Gross special events revenue	71,411	-	71,411
Less cost of direct benefits to donors	(29,044)	-	(29,044)
Net special events revenue	<u>42,367</u>	<u>-</u>	<u>42,367</u>
Net assets released from restrictions	<u>3,053</u>	<u>(3,053)</u>	<u>-</u>
TOTAL REVENUE AND PUBLIC SUPPORT	<u>845,835</u>	<u>1,447</u>	<u>847,282</u>
EXPENSES			
Program services expense	657,413	-	657,413
Supporting services expense			
Management and general	111,466	-	111,466
Fundraising and development	118,071	-	118,071
Total supporting services expenses	<u>229,537</u>	<u>-</u>	<u>229,537</u>
TOTAL OPERATING EXPENSES	<u>886,950</u>	<u>-</u>	<u>886,950</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(41,115)	1,447	(39,668)
NET ASSETS - BEGINNING OF YEAR	<u>108,052</u>	<u>4,218</u>	<u>112,270</u>
NET ASSETS - END OF YEAR	<u>\$ 66,937</u>	<u>\$ 5,665</u>	<u>\$ 72,602</u>

See accompanying notes and independent auditors' report.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Cost of Direct Donor Benefits</u>	<u>Total</u>
Compensation and related expenses:					
Salaries	\$ 451,048	\$ 85,057	\$ 82,827	\$ -	\$ 618,932
Payroll taxes	37,722	7,836	8,018	-	53,576
Health insurance and benefits	2,730	567	580	-	3,877
Total compensation and related expense	491,500	93,460	91,425	-	676,385
Program activities	17,658	-	-	-	17,658
Contract services	1,450	-	-	-	1,450
Rent	25,078	4,426	-	-	29,504
Professional fees	15,762	2,781	507	-	19,050
Insurance	10,524	1,857	-	-	12,381
National and local dues	11,497	-	-	-	11,497
Recruitment and records checks	17,855	-	-	-	17,855
Equipment maintenance	5,305	936	-	-	6,241
Utilities	7,239	1,277	-	-	8,516
Other expenses	6,192	1,093	311	3,097	10,693
Depreciation	5,547	-	-	-	5,547
Transportation	1,819	321	-	-	2,140
Conferences and meetings	174	31	-	-	205
Telephone	2,644	467	-	-	3,110
Office supplies	1,309	231	-	-	1,540
Site based materials	4,477	-	-	-	4,477
Event supplies	-	-	-	1,049	1,049
Event prizes	-	-	-	11,041	11,041
Event food, entertainment, decorations	-	-	-	110	110
Interest	-	-	-	-	-
Postage	827	146	-	-	973
Printing and publications	2,115	-	-	-	2,115
Total expenses	<u>\$ 628,971</u>	<u>\$ 107,026</u>	<u>\$ 92,243</u>	<u>\$ 15,297</u>	<u>\$ 843,537</u>

See accompanying notes and independent auditors' report.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Cost of Direct Donor Benefits</u>	<u>Total</u>
Compensation and related expenses:					
Salaries	\$ 422,405	\$ 88,141	\$ 106,348	\$ -	\$ 616,894
Payroll taxes	32,280	6,736	8,219	-	47,235
Health insurance and benefits	2,612	545	665	-	3,822
Total compensation and related expense	<u>457,297</u>	<u>95,422</u>	<u>115,232</u>	<u>-</u>	<u>667,951</u>
Program activities	30,108	-	-	-	30,108
Contract services	35,928	-	1,250	-	37,178
Rent	24,411	4,308	-	-	28,719
Professional fees	13,807	2,437	1,097	-	17,341
Insurance	12,222	2,157	-	-	14,379
National and local dues	9,222	-	-	-	9,222
Recruitment and records checks	24,594	-	-	-	24,594
Equipment maintenance	4,968	877	-	-	5,845
Utilities	7,507	1,325	-	-	8,832
Other expenses	10,265	1,811	302	1,090	13,468
Depreciation	7,223	-	-	-	7,223
Transportation	5,613	990	-	-	6,603
Conferences and meetings	3,500	618	-	-	4,118
Telephone	2,764	488	-	-	3,252
Office supplies	2,117	374	-	-	2,491
Site based materials	2,600	-	-	-	2,600
Event supplies	-	-	-	1,273	1,273
Event prizes	-	-	-	15,016	15,016
Event food, entertainment, decorations	-	-	-	11,665	11,665
Interest	-	360	-	-	360
Postage	1,694	299	130	-	2,123
Printing and publications	1,573	-	60	-	1,633
	<u>\$ 657,413</u>	<u>\$ 111,466</u>	<u>\$ 118,071</u>	<u>\$ 29,044</u>	<u>\$ 915,994</u>

See accompanying notes and independent auditors' report.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 96,071	\$ (39,668)
Adjustments to reconcile change in net assets with cash flow from operations:		
Depreciation	5,547	7,223
(Gain) loss on disposal of fixed asset	98	654
(Increase) decrease in:		
Accounts receivable	(9,227)	17,405
Pledges receivable	4,500	(1,500)
Prepaid expense	-	-
Gift card	107	(178)
Increase (decrease) in:		
Accounts payable	2,483	(4,015)
Payroll liabilities	(976)	7,762
	98,603	(12,317)
CASH FLOWS FROM INVESTING		
Purchase of fixed assets	(1,800)	(1,500)
Net cash used by investing activities	(1,800)	(1,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	(16,500)	(145,363)
Draws on line of credit	16,500	145,363
Net cash used by financing activities	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	96,803	(13,817)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	69,700	83,517
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 166,503	\$ 69,700
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid during year	\$ 360	\$ 360

See accompanying notes and independent auditors' report.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Cost of Direct Donor Benefits</u>	<u>Total</u>
Compensation and related expenses:					-
Salaries	\$ 451,048	\$ 85,057	\$ 82,827	\$ -	\$ 618,932
Payroll taxes	37,722	7,836	8,018	-	53,576
Health insurance and benefits	2,730	567	580	-	3,877
Total compensation and related expense	<u>491,500</u>	<u>93,460</u>	<u>91,425</u>	<u>-</u>	<u>676,385</u>
Program activities	17,658	-	-	-	17,658
Contract services	1,450	-	-	-	1,450
Rent	25,078	4,426	-	-	29,504
Professional fees	15,762	2,781	507	-	19,050
Insurance	10,524	1,857	-	-	12,381
National and local dues	11,497	-	-	-	11,497
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Utilities	7,239	1,277	-	-	8,516
Other expenses	6,192	1,093	311	3,097	10,693
Depreciation	5,547	-	-	-	5,547
Transportation	1,819	321	-	-	2,140
Conferences and meetings	174	31	-	-	205
Telephone	2,644	467	-	-	3,110
Office supplies	1,309	231	-	-	1,540
Site based materials	4,477	-	-	-	4,477
Event supplies				1,049	1,049
Event prizes	-	-	-	11,041	11,041
Event food, entertainment, decorations				110	110
Interest	-	-	-	-	-
Postage	827	146	-	-	973
Printing and publications	2,115	-	-	-	2,115
Total expenses	<u>\$ 628,971</u>	<u>\$ 107,026</u>	<u>\$ 92,243</u>	<u>\$ 15,297</u>	<u>\$ 843,537</u>

See accompanying notes and independent auditors' report.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

1. ORGANIZATION AND NATURE OF ACTIVITIES

Big Brothers Big Sisters of Butler County, Inc. (the “Organization”) is a nonprofit corporation organized in 1974 under the laws of the State of Ohio. The mission of the Organization is to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. The Organization is dependent upon contributions from the general public, United Way, foundations, government grants, fundraising events and volunteers for its support.

2. DATE OF MANAGEMENT REVIEW

Management reviews events and transactions occurring subsequent to the date of the financial statements for matters requiring potential recognition or disclosure in the financial statements. The Organization has evaluated subsequent events through March 5, 2021, the date the financial statements were available to be issued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization’s financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization currently does not have net assets with restrictions that are perpetual in nature.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the purpose of the restriction is met in the year of the donation. Net assets with donor restrictions represent pledges receivable and purpose restricted funds that will expire with the passage of time. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs. Non-operating activities include resources that generate return from investments, interest and dividends earned on investments, and other activities considered to be of a more unusual or nonrecurring nature. The Organization did not have non-operating activities in 2020 or 2019.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Restricted Cash

Restricted cash represents the remaining balance of a prior year memorial donation made in honor of Doris Atkinson, former Executive Director of Middletown Big Brothers Big Sisters. Funds are to be used exclusively for the purpose of site-based programs in Middletown, Ohio, a city in Butler County.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

As of December 31, 2020 and 2019, the Organization did not have cash balances in excess of federally insured limits.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. There were no contributions receivable as of December 31, 2020. All contributions receivable as of December 31, 2019 were unconditional and expected to be collected within one year.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The Organization receives grants from various government agencies. Accounts receivable as of December 31, 2020 and 2019 consist primarily of reimbursable program expenses incurred during each respective year that are expected to be received from government agencies under the various grant contracts.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The useful lives range from five to ten years. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Revenue Recognition

Contributions are recognized as revenue in the period the unconditional promise is made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions, grants and bequests are recognized with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, 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 restriction. As of December 31, 2019, and 2018 there were no conditional promises to give with conditions that have not been met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of the direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

Contributed property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles (See Footnote 11). Contributed goods are recorded at fair value at the date of donation.

Donated professional services are recorded as public support only if they create or enhance nonfinancial assets or require specialized services. The Organization received \$1,450 of donated professional services for the year ended December 31, 2020. The Organization received \$35,928 of donated professional services for the year ended December 31, 2019. They are recorded as contract service expense in the statement of functional expenses for each year.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are directly applied when applicable. Accordingly, certain costs have been allocated among programs and supporting services benefited. Management, on an equitable basis that reflects time and effort, determines such allocations.

In 2020, approximately 76% of the Organization's total expenses related to program services, 13% to management and general services, and 11% to fundraising activities. In 2019, approximately 74% of the Organization's total expenses related to program services, 13% to management and general services, and 13% to fundraising activities.

Income Taxes

The Organization is an Ohio nonprofit corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report any unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

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

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard

During 2019, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that an entity should recognize revenue to depict the transfer of promised 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. This new standard deals with the timing of reporting revenues from contracts with customers, and disclosures related thereto. The adoption of ASU 2014-09 did not have a material effect on the accompanying financial statements.

During 2019, the Organization adopted ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This new standard deals with the recording of contributions with respect to exchange and non-exchange transactions. The Organization has determined it has no transactions involving right of return or right of release and it has no conditional pledges or contributions. The adoption of ASU 2018-08 did not have a material effect on the accompanying financial statements.

Recently Issued Significant Accounting Standards

Lease Accounting Standard

In February, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position. The ASU is effective for nonpublic companies for years beginning after December 15, 2021.

The Organization is presently evaluating the effect that this ASU will have on its future financial statements, including related disclosures.

4. AVAILABILITY AND LIQUIDITY

The Organization has normal and recurring monthly expenses of approximately \$60,000. Cash flows fluctuate throughout the year due to the start dates of governmental grants and the promptness of corporate sponsorship payments. It is the desire of the Organization to maintain availability (cash and line of credit) sufficient to cover approximately three months of operating expenses. Refer also to footnote 8 below regarding the Line of Credit.

Currently, excess cash is not invested in interest bearing accounts. The Financial Oversight Committee has begun the process of examining interest bearing investment accounts that would generate some investment income while maintaining a high degree of flexibility and liquidity.

BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

AVAILABILITY AND LIQUIDITY (Continued)

The following represents the Organization's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 166,503	\$ 69,700
Pledges receivable	-	4,500
Accounts receivable	<u>17,369</u>	<u>8,142</u>
Financial assets available to meet general expenditures over the next twelve months	<u>183,872</u>	<u>82,342</u>
Available line of credit at year end	<u>\$ 55,000</u>	<u>\$ 55,000</u>

5. NET ASSETS

Net assets with donor restrictions for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Specific Purpose - Atkinson Memorial	\$ 1,165	\$ 1,165
Passage of Time - Pledges Receivable	<u>-</u>	<u>4,500</u>
Total	<u>\$ 1,165</u>	<u>\$ 5,665</u>

Net assets without donor restrictions for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	<u>\$ 167,508</u>	<u>\$ 66,937</u>

Net assets released from net assets with donor restrictions were as follows:

Satisfaction of Time Restrictions	<u>\$ 4,500</u>	<u>\$ 3,053</u>
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BIG BROTHERS BIG SISTERS OF BUTLER COUNTY, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

6. FUNDRAISING EVENTS

The following events contributed to the resources available for programs during the year ended December 31, 2020:

	Revenue	Cost of Direct Donor Benefit	Net Profit
Run for Kids	\$ 32,276	\$ 2,187	\$ 30,089
Other Events	18,629	12,423	6,206
Car Wash	10,167	687	9,480
	\$ 61,072	\$ 15,297	\$ 45,775

The following events contributed to the resources available for programs during the year ended December 31, 2019:

	Revenue	Cost of Direct Donor Benefit	Net Profit
Run for Kids	\$ 38,550	\$ 4,065	\$ 34,485
Anniversary Event	21,757	22,040	(283)
Other Events	11,104	2,939	8,165
	\$ 71,411	\$ 29,044	\$ 42,367

The expenses presented above include in-kind donations (raffle prizes, gift certificates, other goods) of \$10,384 and \$13,030 for the years ended December 31, 2020 and 2019, respectively.

7. OPERATING LEASES

The Organization has a five-year copier lease which began in September, 2020. The lease calls for monthly payments of \$150. The Organization also rents offices space for a term of 5 years, expiring in September, 2021 Total rent expense for the years ended December 31, 2020 and 2019 was \$29,504 and \$28,719, respectively.

Total future minimum lease payments are as follows for the years ending December 31:

2021	23,931
2022	1,800
2023	1,800
2024	1,800
2025	1,800
	\$ 31,131

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8. LINE OF CREDIT

The Organization has a \$55,000 line of credit with a local bank. The line carries an interest rate of prime plus 1.5%, (therefore, 4.75% at December 31, 2020) and matures on August 14, 2021. The balance outstanding as of December 31, 2020 and 2019 was zero. The Organization had withdrawals and repayments of \$16,500 and \$145,363 during the years ended December 31, 2020 and 2019, respectively.

9. PPP LOAN FORGIVENESS

The Organization was awarded a Paycheck Protection Program (“PPP”) loan as a result of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) in April, 2020 in the amount of \$139,400. The Organization applied for, and received forgiveness in January, 2021. As the Organization has incurred the qualifying expenses during fiscal year 2020, the entire \$139,400 has been recorded as grant income for the year ended December 31, 2020. Concluding that the PPP loan represents, in essence, a grant, the Organization has elected to use the guidance in *ASC 958-605, Not-for-Profit Entities: Revenue Recognition* as allowable by the AICPA.

10. CONCENTRATIONS

During 2020, one government grantor represented approximately 28% of the Organization’s total revenue for the year. At December 31, 2020, two grantors represented 100% of accounts receivable.

During 2019, one government grantor represented approximately 25% of the Organization’s total revenue for the year. At December 31, 2019, four grantors represented 100% of accounts receivable.

The Organization expects various local and state government agencies to continue to be a reliable source of funds, and therefore they do not pose a significant concentration risk.

11. RELATED PARTY TRANSACTIONS

The Organization pays certain fees and dues to the Big Brothers Big Sisters of America, a separate 501(c)(3) national organization. During the years ended December 31, 2020 and 2019, the Organization paid \$19,522 and \$14,734, respectively, to Big Brothers Big Sisters of America.

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12. VOLUNTEER HOURS

Volunteers contribute significant amounts of time to the Organization; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles. During the years ended December 31, 2020 and 2019, 316 and 439 volunteers, respectively, contributed an average of 8 hours per month to our program services. Using the Independent Sector estimated value of a volunteer hour of \$27.20, the estimated value of volunteer time was \$825,140 and \$1,071,722 for the years ended December 31, 2020 and 2019, respectively.

13. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Company's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, delays, loss of, or reduction to, revenue and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

Subsequent to year end, the Organization applied for and was approved for \$130,500 under the Payroll Protection Loan in accordance with the Consolidated Appropriations Act signed December 27th, 2020. The Organization is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.