

**BIG BROTHERS BIG SISTERS OF THE BAY AREA, INC.**

**SAN FRANCISCO, CALIFORNIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Big Brothers Big Sisters of the Bay Area, Inc.  
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of the Bay Area, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

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.

Auditor's Responsibility

Our responsibility is to express opinions 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 organization'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 organization'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 opinions.

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 the Bay Area, Inc. as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited Big Brothers Big Sisters of the Bay Area, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
December 17, 2021

Big Brothers Big Sisters of the Bay Area, Inc.  
STATEMENTS OF FINANCIAL POSITION

June 30, 2021

(With Comparative Totals for June 30, 2020)

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,329,031	\$ 919,593
Grants and pledges receivable, net	303,074	71,526
Prepaid expenses and other current assets	52,412	145,467
Total current assets	1,684,517	1,136,586
Non-current assets:		
Restricted cash and cash equivalents	49,748	49,744
Fixed assets, net of accumulated depreciation	13,942	29,623
Total non-current assets	63,690	79,367
Total assets	\$ 1,748,207	\$ 1,215,953
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 33,212	\$ 18,142
Accrued payroll	52,708	77,161
Accrued vacation	116,965	114,859
Deferred revenue	113,600	96,225
Notes payable, current portion	317,888	175,051
Total current liabilities	634,373	481,438
Non-current liabilities:		
Notes payable, net of current portion	-	125,939
Total non-current liabilities	-	125,939
Total liabilities	634,373	607,377
Net assets:		
Net assets without donor restrictions	905,986	538,532
Net assets with donor restrictions	207,848	70,044
Total net assets	1,113,834	608,576
Total liabilities and net assets	\$ 1,748,207	\$ 1,215,953

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

Big Brothers Big Sisters of the Bay Area, Inc.  
STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Revenues:				
Public support and grants	\$ 1,721,654	\$ 273,200	\$ 1,994,854	\$ 1,630,074
Special events, net	663,623	-	663,623	119,780
In-kind contributions	111,946	-	111,946	104,277
Other income	3,952	4	3,956	6,507
Net assets released from restrictions	135,400	(135,400)	-	-
Total revenues	<u>2,636,575</u>	<u>137,804</u>	<u>2,774,379</u>	<u>1,860,638</u>
Expenses:				
Program services:				
Mentoring	<u>1,639,614</u>	<u>-</u>	<u>1,639,614</u>	<u>1,669,895</u>
Supportive services:				
Management and general	202,404	-	202,404	199,310
Fundraising	<u>427,103</u>	<u>-</u>	<u>427,103</u>	<u>446,282</u>
Total supportive services	<u>629,507</u>	<u>-</u>	<u>629,507</u>	<u>645,592</u>
Total expenses	<u>2,269,121</u>	<u>-</u>	<u>2,269,121</u>	<u>2,315,487</u>
Change in net assets	367,454	137,804	505,258	(454,849)
Net assets, beginning of period	<u>538,532</u>	<u>70,044</u>	<u>608,576</u>	<u>1,063,425</u>
Net assets, end of period	<u>\$ 905,986</u>	<u>\$ 207,848</u>	<u>\$ 1,113,834</u>	<u>\$ 608,576</u>

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

Big Brothers Big Sisters of the Bay Area, Inc.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services	Supportive Services			Total 2021	Total 2020
		Management and		Subtotal		
		General	Fundraising			
	Mentoring					
Expenses:						
Salaries and wages	\$ 1,015,659	\$ 61,399	\$ 257,807	\$ 319,206	\$ 1,334,865	\$ 1,390,125
Payroll taxes	74,102	4,767	20,026	24,793	98,895	104,633
Employee benefits	121,725	27,426	32,823	60,249	181,974	191,145
Awards and gifts	19,021	-	-	-	19,021	12,200
Business expenses	2,949	1,965	25,643	27,608	30,557	25,383
Contract services	79	63,510	26,570	90,080	90,159	99,803
In-kind professional services	-	11,786	-	11,786	11,786	13,576
Facilities and equipment	216,797	5,067	24,096	29,163	245,960	227,813
In-kind facility rent	39,690	-	-	-	39,690	35,363
Depreciation	14,963	515	2,414	2,929	17,892	19,344
Operations expenses	64,689	1,372	18,455	19,827	84,516	39,109
Telephone	28,020	811	3,839	4,650	32,670	30,535
In-kind supplies	-	-	8,777	8,777	8,777	18,406
Insurance	8,336	13,165	1,301	14,466	22,802	23,124
Interest expense	-	4,075	-	4,075	4,075	1,491
Travel	26	36	128	164	190	11,565
Meetings and conferences	1,313	1,515	243	1,758	3,071	5,881
Payments to affiliates	32,245	1,055	4,981	6,036	38,281	37,491
Other expenses	-	3,940	-	3,940	3,940	28,500
Total expenses	<u>\$ 1,639,614</u>	<u>\$ 202,404</u>	<u>\$ 427,103</u>	<u>\$ 629,507</u>	<u>\$ 2,269,121</u>	<u>\$ 2,315,487</u>

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

Big Brothers Big Sisters of the Bay Area, Inc.  
STATEMENTS OF CASH FLOWS  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 505,258	\$ (454,849)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,892	19,344
Loss on sale of fixed assets	3,940	-
Changes in certain assets and liabilities:		
Grants and pledges receivable, net	(231,548)	189,153
Prepaid expenses and other current assets	93,055	(109,664)
Accounts payable and accrued liabilities	15,070	(36,478)
Accrued payroll	(24,453)	12,215
Accrued vacation	2,106	(5,737)
Deferred revenue	17,375	96,225
Net cash provided (used) by operating activities	398,695	(289,791)
Cash flows from investing activities:		
Purchase of fixed assets	(6,151)	-
Net cash provided (used) by investing activities	(6,151)	-
Cash flows from financing activities:		
Proceeds from line of credit	100,000	-
Payments on line of credit	(100,000)	-
Proceeds from notes payable	319,581	300,990
Disposition of notes payable	(302,683)	-
Net cash provided (used) by financing activities	16,898	300,990
Net increase (decrease) in cash during the period	409,442	11,199
Cash balance, beginning of period	969,337	958,138
Cash balance, end of period	\$ 1,378,779	\$ 969,337
Summary of cash and cash equivalents at end of period:		
Cash and cash equivalents	\$ 1,329,031	\$ 919,593
Restricted cash and cash equivalents	49,748	49,744
Total cash and cash equivalents at end of period	\$ 1,378,779	\$ 969,337
Supplemental disclosures of cash flow information:		
Interest paid	\$ 1,194	\$ 1,000

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

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - GENERAL

A. Organization

Big Brothers Big Sisters of the Bay Area, Inc. (the Organization), incorporated in 1971 as a California nonprofit public benefit organization headquartered in San Francisco, California. The Organization's mission is to create and support one-to-one mentoring relationships that ignite the power and promise of youth. The Organization serves the counties of Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Napa, Solano, and Sonoma through community-based and workplace-based mentoring. The Organization provides training, support and match monitoring to ensure both the child and the volunteer have a positive experience.

B. Programs

**Community-Based Mentoring** – Provides professionally supported one-to-one mentoring relationships between screened adult mentors with enrolled children from age six through eighteen. The volunteer and child participate through independently scheduled activities on days and times convenient to both, spending on average, six to eight hours per month together.

**Workplace-Based Mentoring** – Youth are matched in professionally supported one-to-one mentorship relationships with adult volunteers who are employees of a partnering company. The volunteer and child participate through structured program activities designed and facilitated by Big Brothers Big Sisters of the Bay Area at the company's location.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*.

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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, whereby the donor has stipulated the funds be maintained in perpetuity.

C. Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Certain costs have been allocated among the programs and supporting services benefited. All shared expenses are classified to a shared cost pool and allocated programs, management and general, and fundraising at the end of each month. The percentage used to allocate expenses is based on employee time allocation. Joint costs are allocated on an individual basis between fundraising and direct programs depending on the nature of the expense.

D. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid investments such as certificates of deposit with a maturity of three months or less.

E. Grants and Pledges Receivable

The Organization does not maintain an allowance on grants and awards receivable or on donations and pledges receivable as reimbursements from these funding sources are likely to be received. Accounts receivable allowances are based on management's assessment of uncollectible balances at the end of the respective period. Balances still outstanding after management has used reasonable collection efforts are written off to bad debts. For the year ended June 30, 2021, a valuation allowance was not considered necessary.

F. Fixed Assets

Property and equipment is recorded at cost when purchased or, if contributed, at the estimated fair market value at the date of donation. The Organization's policy is to capitalize items costing more than \$5,000. Depreciation is computed using the straight-line method over the asset's estimated useful life. Expenditures for maintenance and repairs are charged to expense as incurred.

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Deferred Revenue

Deferred revenue primarily consists of income related to special events to be held in July 2021.

H. Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of donor restrictions. Restricted contributions are reported as an increase in net assets with donor restrictions. When the restriction is met on a contribution received, the amount is shown as a reclassification from net assets with donor restrictions to net assets without donor restrictions.

I. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

J. Donated Goods and Services

Contributions in-kind are recognized as follows: Donated goods are recorded at their estimated fair market value on the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

K. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

L. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

M. Contingencies

The Organization participates in various federal grants. Disbursement of funds received under these grantor agencies requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 17, 2021, the date the financial statements were available to be issued.

O. Comparative Financial Information

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 June 30, 2020, from which the summarized information was derived.

P. Implementation of Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The Organization adopted the standards on July 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all organizations that receive or make contributions. The ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Organization adopted the standards on July 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Q. Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Q. Accounting Pronouncements (concluded)

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021, and should be applied on a retrospective basis. The Organization is evaluating the effect that ACU No. 2020-07 will have on its financial statements and related disclosures.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private Organization" within the meaning of Section 509(a) of the Code.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of June 30 were as follows:

	2021	2020
Unrestricted:		
Wells Fargo Bank	\$ 790,135	\$ 383,059
First Republic Bank	538,496	536,134
Petty cash	400	400
Total	\$ 1,329,031	\$ 919,593
Restricted:		
Charles Schwab	\$ 49,748	\$ 49,744

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 4 - CASH AND CASH EQUIVALENTS (concluded)

The bank balances were insured under the \$250,000 blanket umbrella by the FDIC. The remaining bank balances were uninsured and held by the financial institutions in the Organization's name. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

NOTE 5 - FIXED ASSETS

Fixed assets as of June 30 were as follows:

	Years	2021	2020
Land	N/A	\$ 2,000	\$ 2,000
Software	2-3	40,199	40,199
Computer and office equipment	3-5	62,989	61,189
Furniture and fixtures	3-7	<u>39,585</u>	<u>39,585</u>
Total		144,773	142,973
Less accumulated depreciation		<u>(130,831)</u>	<u>(113,350)</u>
Fixed assets, net		<u>\$ 13,942</u>	<u>\$ 29,623</u>

Depreciation expense was \$17,892 and \$19,344 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 6 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$116,965 and \$114,859 as of June 30, 2021 and June 30, 2020, respectively.

NOTE 7 - NOTES PAYABLE

**1<sup>st</sup> Round of PPP Loan**

In April 2020, the Organization obtained an SBA Paycheck Protection Program (PPP) loan through First Republic Bank in the amount of \$300,500 to finance operations during the Coronavirus Pandemic referenced in Note 20. The PPP loan bears an interest rate of 1% and is payable in monthly installments of \$12,652 through April 2022. However, in November 2020, the PPP loan was forgiven in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136), as interpreted and clarified by Interim Final Rule published at 13 CFR Part 120 and by any other relevant regulation promulgated or guidance issued by the U.S. Small Business Administration (SBA) or U.S. Treasury.

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 7 - NOTES PAYABLE (concluded)

**2<sup>nd</sup> Round of PPP Loan** In February 2021, the Organization obtained an SBA Paycheck Protection Program (PPP) loan through First Republic Bank in the amount of \$316,700 to finance operations during the Coronavirus Pandemic referenced in Note 20. The PPP loan bears an interest rate of 1% and is payable in monthly installments of \$13,336 through July 2023. However, in October 2021, the PPP loan was forgiven in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136), as interpreted and clarified by Interim Final Rule published at 13 CFR Part 120 and by any other relevant regulation promulgated or guidance issued by the U.S. Small Business Administration (SBA) or U.S. Treasury.

NOTE 8 - LINE OF CREDIT

The Organization currently has a line of credit with First Republic Bank in the amount of \$200,000 with an expiration date of August 14, 2022. The line of credits accrue interest at the bank's commercial rate which was 4.25% at June 30, 2021. As of June 30, 2021 and June 30, 2020 there were no balances on the line of credit. Total interest paid on the line of credit was \$1,194 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 9 - SPECIAL EVENTS, NET

During the year ended June 30, 2021, special events were as follows:

	Virtual Gala	P2P	Total
Contributions/sponsors	\$ 601,129	\$ 41,419	\$ 642,548
Ticket sales	74,500	-	74,500
Auction sales	<u>32,150</u>	<u>-</u>	<u>32,150</u>
Gross revenue	707,779	41,419	749,198
Less expenses	<u>(85,575)</u>	<u>-</u>	<u>(85,575)</u>
Special events, net	<u>\$ 622,204</u>	<u>\$ 41,419</u>	<u>\$ 663,623</u>

During the year ended June 30, 2020, special events were as follows:

	Evening of Inspiration	All Others	Total
Contributions/sponsors	\$ 53,460	\$ 80,252	\$ 133,712
Ticket sales	10,500	2,255	12,755
Auction sales	<u>21,800</u>	<u>2,940</u>	<u>24,740</u>
Gross revenue	85,760	85,447	171,207
Less expenses	<u>(22,108)</u>	<u>(29,319)</u>	<u>(51,427)</u>
Special events, net	<u>\$ 63,652</u>	<u>\$ 56,128</u>	<u>\$ 119,780</u>

Big Brothers Big Sisters of the Bay Area, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 10 - IN-KIND CONTRIBUTIONS

The Organization received and recognized in the Statement of Activities the following in-kind contributions as of June 30:

	<u>2021</u>	<u>2020</u>
Professional services	\$ 11,786	\$ 13,576
Facility rent	39,690	35,363
Special event donations and program supplies	<u>60,470</u>	<u>55,338</u>
Total	<u>\$ 111,946</u>	<u>\$ 104,277</u>

NOTE 11 - AFFILIATION DUES

The Organization is an affiliate of the Big Brothers Big Sisters National Network who provides technical and fundraising assistance in exchange for affiliation dues. The amount paid for affiliation dues for the years ended June 30, 2021 and June 30, 2020 was \$38,281 and \$37,491, respectively.

NOTE 12 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions - undesignated	\$ 576,568	\$ 209,532
Net assets without donor restrictions - board designated	<u>329,000</u>	<u>329,000</u>
Total	<u>\$ 905,568</u>	<u>\$ 538,532</u>

Net assets without donor restrictions were designated by the Board for supported projects.

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 were available for the following purposes:

	<u>Beginning Balance</u>	<u>Contributions and Earnings</u>	<u>Releases</u>	<u>Ending Balance</u>
<b>Subject to Expenditure for Specified Purpose</b>				
Community-based mentoring projects	\$ 20,300	\$ 273,200	\$ (135,400)	\$ 158,100
<b>Subject to Spending Policy &amp; Appropriation</b>				
Endowment funds	<u>49,744</u>	<u>4</u>	<u>-</u>	<u>49,748</u>
Total	<u>\$ 70,044</u>	<u>\$ 273,204</u>	<u>\$ (135,400)</u>	<u>\$ 207,848</u>

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NOTE 14 - ENDOWMENT FUNDS

Endowment funds as of June 30 were as follows:

	2021	2020
JJ Campership Fund	\$ 26,097	\$ 26,095
Colby Howe Fund	<u>23,651</u>	<u>23,649</u>
Total	<u>\$ 49,748</u>	<u>\$ 49,744</u>

Endowment funds are comprised of two special purpose funds. Earnings from the JJ Campership Fund provide funds to be used to send children in the Organization's programs to camp. Funds in the Colby Howe Fund are to be used to provide scholarships to the Organization's mentees for any special needs.

NOTE 15 - ENDOWMENTS

The Organization's endowments include donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") governs the management of endowment funds held by charitable institutions, which has been adopted by the State of California. UPMIFA prescribes guidelines for expenditures of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations) in a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund. The act generally requires the Organization's governing board to establish a spending policy and establishes a rebuttable presumption of imprudence for spending in any given year.

The Organization has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as restricted net position: (a) the original value of gifts donated to the endowment fund, (b) the original value of subsequent gifts to the endowment fund, and (c) accumulations to the endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

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NOTE 15 - ENDOWMENTS (concluded)

Changes in the endowment net position for the year ended June 30, 2021 were as follows:

Endowment net assets, beginning of year	\$ 49,744
Investment return	<u>4</u>
Endowment net assets, end of year	<u>\$ 49,748</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level SPMIFA requires the Organization to retain as net assets with donor restrictions. Deficiencies of this nature result from unfavorable market fluctuations. There were no deficiencies as of June 30, 2021.

The endowment net position is presented in the Statement of Net Position as follows:

Restricted cash and cash equivalents	<u>\$ 49,748</u>
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NOTE 16 - PENSION PLAN

The Organization has a defined contribution plan under Section 403(b) of the Internal Revenue Code, (the Plan) for all eligible employees. Employees are eligible upon hire. The Organization does not contribute to the plan.

NOTE 17 - OPERATING LEASE COMMITMENTS

The Organization leases office space in San Francisco and Napa under operating leases expiring in August 2022. In May 2017, the Organization signed a 60-month lease for office space in San Francisco expiring in July 2022. The monthly rent for the San Francisco office at June 30, 2021 was \$13,113. In August 2020, the Organization renewed their agreement for a 24-month lease for office space in Napa expiring in August 2022. The monthly rent for the Napa office at June 30, 2021 was \$2,500.

The Organization receives in-kind office space in Milpitas. The Organization recognizes an in-kind facility donation for the difference between the facility's fair market value and the monthly fee in the total amount of \$39,690 for the year ended June 30, 2021.

The total expenses for occupancy were \$243,055 and \$214,621 for the years ended June 30, 2021 and June 30, 2020, respectively. Minimum future rental payments under non-cancelable operating building leases for each of the next two years in aggregate are:

For the year ended June 30, 2022	\$ 191,680
For the year ended June 30, 2023	<u>18,113</u>
Total	<u>\$ 209,793</u>

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NOTE 18 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of June 30, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,378,779	\$ 969,337
Grants and pledges receivable, net	<u>303,074</u>	<u>71,526</u>
Total financial assets	1,681,853	1,040,863
Donor-imposed restrictions	(207,848)	(70,044)
Board designations	<u>(329,000)</u>	<u>(329,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,145,005</u>	<u>\$ 641,819</u>

NOTE 19 - RECLASSIFICATIONS

Certain amounts in the June 30, 2020, financial statements have been reclassified to conform to the June 30, 2021 presentation, specifically the expense categories in the Statements of Functional Expenses. These reclassifications have no effect on the change in net assets as previously reported.

NOTE 20 - CONTINGENCY - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization’s operations included restrictions on employees’ and volunteers’ ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.