



FINANCIAL STATEMENTS
Year Ended December 31, 2018

with

Independent Auditors' Report

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



CERTIFIED PUBLIC ACCOUNTANTS

3 Centerpointe Drive, Suite 300 • Lake Oswego, Oregon 97035-8663

Telephone: (503) 220-5900 • Facsimile: (503) 220-8836

Independent Auditors' Report

The Board of Directors
Big Brothers Big Sisters Columbia Northwest

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters Columbia Northwest, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Columbia Northwest as of December 31, 2018, 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.

Emphasis of a Matter

As discussed in *Note 2* to the financial statements, Big Brothers Big Sisters Columbia Northwest has adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Big Brothers Big Sisters Columbia Northwest's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hellman, Seibert & Schmitz, P.C.

Lake Oswego, Oregon
July 22, 2019

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Statement of Financial Position

December 31, 2018 <i>(With Comparative Amounts for 2017)</i>	2018	2017
ASSETS		
Cash and cash equivalents	\$ 444,453	\$ 449,479
Unconditional promises to give (due within one year)	96,670	70,460
Government grants and contracts receivable	-	12,767
Prepaid expenses	21,880	29,045
Property and equipment - net <i>(Note 3)</i>	9,892	4,484
Total assets	<u>\$ 572,895</u>	<u>\$ 566,235</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 201	\$ -
Accrued payroll and related expenses	38,537	31,496
Accrued vacation pay	38,877	32,456
Deferred revenue	18,200	29,600
Total liabilities	95,815	93,552
Commitments and contingencies <i>(Notes 4, 8, and 9)</i>		
Net assets:		
Without donor restrictions	187,820	294,960
With donor restrictions <i>(Note 5)</i>	289,260	177,723
Total net assets	<u>477,080</u>	<u>472,683</u>
Total liabilities and net assets	<u>\$ 572,895</u>	<u>\$ 566,235</u>

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

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Statement of Activities

Year Ended December 31, 2018 *(With Comparative Totals for 2017)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2018	2017
Revenues, gains, and support:				
Contributions and grants	\$ 351,270	\$ 316,870	\$ 668,140	\$ 654,837
Government grants and contracts	131,478	-	131,478	87,907
Special events:				
Gross revenue	591,785	-	591,785	396,629
Less direct cost of donor benefits	(115,870)	-	(115,870)	(60,914)
	475,915	-	475,915	335,715
In-kind contributions	3,500	-	3,500	3,500
Recovery of previously deemed uncollectible pledges	-	-	-	43,350
Other income	769	-	769	457
Net assets released from restrictions <i>(Note 5)</i>	205,333	(205,333)	-	-
Net revenues, gains, and support	1,168,265	111,537	1,279,802	1,125,766
Expenses:				
Program services	630,621	-	630,621	581,454
General and administration	282,086	-	282,086	210,921
Fundraising	362,698	-	362,698	308,651
Total expenses	1,275,405	-	1,275,405	1,101,026
Increase (decrease) in net assets	(107,140)	111,537	4,397	24,740
Net assets, beginning of year	294,960	177,723	472,683	447,943
Net assets, end of year	\$ 187,820	\$ 289,260	\$ 477,080	\$ 472,683

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

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Statement of Functional Expenses

Year Ended December 31, 2018 (With Comparative Totals for 2017)

	Program Services	General and Administration	Fundraising	Total	
				2018	2017
Salaries	\$ 389,321	\$ 179,093	\$ 232,396	\$ 800,810	\$ 648,235
Payroll taxes and benefits	77,131	35,481	46,041	158,653	130,755
Total salaries and related expenses	466,452	214,574	278,437	959,463	778,990
Professional services	6,049	26,633	8,666	41,348	44,026
Recruitment activities	11,816	2,843	2,656	17,315	7,883
Office supplies and minor equipment	1,465	2,259	534	4,258	4,276
Telephone	5,310	930	1,763	8,003	7,488
IT management	30,411	7,551	10,957	48,919	44,617
Postage and printing	1,367	1,703	6,944	10,014	6,251
Rent/lease expense	37,995	9,792	15,756	63,543	63,678
Repairs and maintenance	126	440	-	566	473
Travel	6,083	484	568	7,135	5,048
Conferences and meetings	2,202	5,028	2,569	9,799	8,841
Insurance	14,539	2,777	4,846	22,162	22,223
Activities	36,814	158	-	36,972	36,382
Fundraising events	-	-	11,210	11,210	38,625
Depreciation	1,480	228	569	2,277	2,920
Taxes and licenses	-	776	-	776	430
Dues and membership	5,902	2,134	3,930	11,966	11,979
Miscellaneous	2,610	3,776	13,293	19,679	16,896
	\$ 630,621	\$ 282,086	\$ 362,698	\$1,275,405	\$1,101,026

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

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Statement of Cash Flows

Year Ended December 31, 2018 <i>(With Comparative Totals for 2017)</i>	2018	2017
Cash flows from operating activities:		
Increase in net assets	\$ 4,397	\$ 24,740
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,277	2,920
Changes in:		
Unconditional promises to give	(26,210)	(10,290)
Government grants and contracts receivable	12,767	47,834
Prepaid expenses	7,165	(6,887)
Accounts payable	201	(8,164)
Accrued payroll and related expenses	7,041	3,022
Accrued vacation pay	6,421	12,597
Deferred revenue	(11,400)	(250)
Net cash provided by operating activities	<u>2,659</u>	<u>65,522</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(7,685)</u>	<u>(3,539)</u>
Net cash used by operating activities	<u>(7,685)</u>	<u>(3,539)</u>
Net increase (decrease) in cash and cash equivalents	(5,026)	61,983
Cash and cash equivalents, beginning of year	<u>449,479</u>	<u>387,496</u>
Cash and cash equivalents, end of year	<u><u>\$ 444,453</u></u>	<u><u>\$ 449,479</u></u>

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

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements

1. Nature of Activities

Big Brothers Big Sisters Columbia Northwest (BBBS) connects children facing adversity with volunteer mentors, known as Big Brothers and Sisters (Bigs). Through the match, children experience improved health and school success. Bigs serve as role models and build bonds that help children overcome challenges and build skills and experiences for life. BBBS is a local nonprofit organization and independent affiliate of Big Brothers Big Sisters of America. BBBS raises its support and revenue primarily from local sources, including individuals, corporations, and foundations in the greater Portland-Vancouver area. BBBS corps of professionally-supported volunteer Bigs extends BBBS' reach and influence as the largest mentoring organization in the Pacific Northwest.

2. Summary of Significant Accounting Policies

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of BBBS and changes therein are classified and reported as follows:

Net assets without donor restrictions represent net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions represent net assets subject to donor-imposed stipulations that may or will be met by actions of BBBS and/or the passage of time.

Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the financial statements for, among other things, the calculation of the allowance for doubtful accounts, the useful lives of equipment for calculating depreciation expense, and certain allocations of expenses by function.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents - BBBS considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Receivables - For grants and contracts classified as exchange transactions, receivables are recorded when revenues have been earned as defined by criteria established under the specific grant or contract. For contributions, receivables are recorded when an unconditional promise to give has been received from the donor. BBBS uses the allowance method to account for uncollectible accounts. The allowances for uncollectible contributions and grants are estimated by management based on various factors, including history and current economic conditions. BBBS does not charge interest on any outstanding receivable. Receivables are written off after reasonable collection efforts have been made. At December 31, 2018, there were no receivables greater than 90 days past due. As such, management does not believe an allowance for doubtful accounts was necessary.

Property and Equipment - Property and equipment are recorded at cost when purchased or at estimated fair value at date of donation. Property and equipment acquisitions and improvements exceeding \$500 are capitalized. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from three to ten years.

Deferred Revenue - Deferred revenue represents amounts received under grants and contracts classified as exchange transactions prior to revenue being earned based on the specific criteria outlined in the grant or contract agreement.

Contribution Recognition - Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the future amounts expected to be collected. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

BBBS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported in the statement of activities as net assets released from restrictions.

BBBS reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, BBBS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Contribution Recognition - Continued - In-kind contributions of supplies and other items used in program services are valued at estimated fair market value at the date of gift. No such items were received during the year ended December 31, 2018. Donated professional services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BBBS. These include donated professional services, valued at \$3,500 for the year ended December 31, 2018. In addition, BBBS receives a significant amount of volunteer time each year that does not meet the criteria for recognition in the financial statements, and that time is important in the delivery of BBBS's programs.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional and natural basis in the statements of functional expenses. The statement of functional expenses reports certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll costs, depreciation, technology, occupancy, and supplies and equipment. These expenses are allocated on the basis of estimates of time and effort.

Advertising - BBBS charges all nondirect advertising costs to expense as incurred. Advertising expense for the year ended December 31, 2018, was \$5,749.

Income Taxes - BBBS is a not-for-profit corporation, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. BBBS is not classified as a private foundation.

BBBS files informational returns with the Internal Revenue Service (IRS) and the State of Oregon. Generally, these returns are subject to examination for three years from the filing of the return.

Management does not believe BBBS has any tax positions that do not meet the more likely than not criteria. Accordingly, BBBS has not recorded any liability for uncertain tax positions to its major tax jurisdictions. BBBS did not record any penalty or interest related to its tax positions and if any were recorded, those amounts would be included in general and administration expenses. There are currently no tax examinations in progress.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Summarized Financial Information for 2017 - The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with BBBS' financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Adoption of New Accounting Standard - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 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. BBBS implemented ASU 2016-14 during the year ended December 31, 2018, and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recent Accounting Pronouncement - In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is reciprocal. The ASU is effective for accounting periods beginning after December 15, 2018. BBBS has not determined the effect of the standard on its ongoing financial reporting.

3. Property and Equipment

	2018	2017
Office equipment	\$ 40,783	\$ 48,620
Furniture	3,923	4,552
Computer equipment	<u>34,831</u>	<u>94,432</u>
	79,537	147,604
Less accumulated depreciation	<u>(69,645)</u>	<u>(143,120)</u>
Property and equipment - net	<u><u>\$ 9,892</u></u>	<u><u>\$ 4,484</u></u>

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

4. Operating Lease Commitments

BBBS leases office space and equipment under various operating lease agreements expiring through November 2022.

The future minimum lease payments are as follows:

Years Ending December 31,	Amount
2019	\$ 79,979
2020	29,665
2021	11,940
2022	<u>10,945</u>
	<u><u>\$ 132,529</u></u>

5. Net Assets with Donor Restrictions

Net assets with donor restrictions for the following purpose or periods at December 31:

	2018	2017
Subject to expenditure for specified purposes:		
Matches	\$ 77,500	\$ -
Nike program expenses	<u>5,034</u>	<u>5,710</u>
	82,534	5,710
Subject to passage of time	<u>206,726</u>	<u>172,013</u>
Total net assets with donor restrictions	<u><u>\$ 289,260</u></u>	<u><u>\$ 177,723</u></u>

During the year ended December 31, 2018, net assets of \$205,333 were released from donor restrictions through specific actions of BBBS and/or the passage of time.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

6. Retirement Plan

BBBS maintains a 403(b) retirement plan (the Plan) for employees meeting specific eligibility criteria. Employees are eligible to participate in the Plan from the first day of employment and must complete 12 months with 1,000 hours of compensated service to be eligible for employer matching contributions. During 2010, BBBS suspended the matching contribution portion of the Plan. Employer contributions are vested when the employee completes three years of service. Discretionary contributions are allowed under the Plan, but are not required. During the year ended December 31, 2018, no employer matching contributions or discretionary contributions were made to the Plan.

7. Concentrations of Risk

BBBS maintains its cash balances primarily in one financial institution. From time to time, BBBS may have deposits in excess of Federally insured limits at this financial institution.

8. Contingencies

Reimbursement claims under various government grants and contracts are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability. BBBS is not aware of any communications from granting agencies regarding the lack of compliance with grant or contract conditions that could result in a liability.

9. Line of Credit

BBBS has a \$100,000 line of credit available with Umpqua Bank. Interest is payable monthly at the Wall Street Journal prime rate plus 2.55 percent per annum (8.05 percent at December 31, 2018). The line of credit is unsecured. The balance outstanding on the line of credit was \$-0- at December 31, 2018.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

10. Liquidity and Availability of Resources

BBBS's financial assets available for general expenditure within one year consist of the following:

	2018	2017
Cash and cash equivalents	\$ 444,453	\$ 449,479
Unconditional promises to give	96,670	70,460
Government grants and contracts receivable	<u>-</u>	<u>12,767</u>
Total financial assets available within one year	541,123	532,706
Less:		
Amounts unavailable for general expenditures within one year:		
Restricted by donors as to purpose	<u>82,534</u>	<u>5,710</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 458,589</u></u>	<u><u>\$ 526,996</u></u>

BBBS maintains a policy for structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, to help manage with unanticipated liquidity needs, BBBS has a line of credit with a maximum commitment of \$100,000, which management can draw upon (*Note 9*).

11. Subsequent Events

Management has evaluated subsequent events through July 22, 2019, the date the financial statements were available for issue.