



FINANCIAL STATEMENTS
Year Ended December 31, 2019

with

Independent Auditors' Report

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

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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 (BBBS), which comprise the statement of financial position as of December 31, 2019, 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 BBBS as of December 31, 2019, 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, BBBS has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited BBBS's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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
August 25, 2020

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Statement of Financial Position

December 31, 2019 <i>(With Comparative Amounts for 2018)</i>	2019	2018
ASSETS		
Cash and cash equivalents	\$ 405,909	\$ 444,453
Unconditional promises to give	112,989	96,670
Government grants receivable	80,621	-
Prepaid expenses	24,922	21,880
Property and equipment - net <i>(Note 4)</i>	7,373	9,892
Total assets	<u>\$ 631,814</u>	<u>\$ 572,895</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 485	\$ 201
Accrued payroll and related expenses	47,443	38,537
Accrued vacation pay	41,692	38,877
Deferred revenue	5,700	18,200
Total liabilities	95,320	95,815
Commitments and contingencies <i>(Notes 5, 9, and 10)</i>		
Net assets:		
Without donor restrictions:		
Board-designated	50,000	50,000
Undesignated	196,185	137,820
Total without donor restrictions	246,185	187,820
With donor restrictions <i>(Note 6)</i>	290,309	289,260
Total net assets	<u>536,494</u>	<u>477,080</u>
Total liabilities and net assets	<u>\$ 631,814</u>	<u>\$ 572,895</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, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Revenues, gains, and support:				
Contributions and grants	\$ 502,986	\$ 330,189	\$ 833,175	\$ 668,140
Government grants	209,802	50,000	259,802	131,478
Special events:				
Gross receipts	535,837	-	535,837	591,785
Less direct cost of donor benefits	(79,605)	-	(79,605)	(115,870)
Net proceeds from special events	456,232	-	456,232	475,915
In-kind contributions	4,733	-	4,733	3,500
Other income	843	-	843	769
Net assets released from restrictions (Note 6)	379,140	(379,140)	-	-
Net revenues, gains, and support	1,553,736	1,049	1,554,785	1,279,802
Expenses:				
Program services	786,751	-	786,751	630,621
General and administration	321,749	-	321,749	282,086
Fundraising	386,871	-	386,871	362,698
Total expenses	1,495,371	-	1,495,371	1,275,405
Increase in net assets	58,365	1,049	59,414	4,397
Net assets, beginning of year	187,820	289,260	477,080	472,683
Net assets, end of year	\$ 246,185	\$ 290,309	\$ 536,494	\$ 477,080

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, 2019 *(With Comparative Totals for 2018)*

	Program Services	General and Administration	Fundraising	Total	
				2019	2018
Salaries	\$ 510,645	\$ 192,656	\$ 256,995	\$ 960,296	\$ 800,810
Payroll taxes and benefits	92,080	34,740	46,342	173,162	158,653
Total salaries and related expenses	602,725	227,396	303,337	1,133,458	959,463
Professional services	17,218	30,529	13,412	61,159	41,348
Recruitment activities	10,087	2,387	10,381	22,855	17,315
Office supplies and minor equipment	561	3,069	72	3,702	4,258
Telephone	6,046	917	1,414	8,377	8,003
IT management	24,129	9,656	7,845	41,630	48,919
Postage and printing	1,913	1,092	4,765	7,770	10,014
Rent/lease expense	47,056	12,355	14,637	74,048	63,543
Repairs and maintenance	-	589	-	589	566
Travel	5,397	672	1,532	7,601	7,135
Conferences and meetings	7,799	4,607	1,851	14,257	9,799
Insurance	14,202	2,408	4,734	21,344	22,162
Activities	30,279	910	15	31,204	36,972
Events	13,454	19	7,844	21,317	11,210
Depreciation	1,715	144	660	2,519	2,277
Taxes and licenses	-	497	-	497	776
Dues and memberships	995	20,418	389	21,802	11,966
Miscellaneous	3,175	4,084	13,983	21,242	19,679
	\$ 786,751	\$ 321,749	\$ 386,871	\$1,495,371	\$1,275,405

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, 2019 <i>(With Comparative Totals for 2018)</i>	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 59,414	\$ 4,397
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	2,519	2,277
Changes in:		
Unconditional promises to give	(16,319)	(26,210)
Government grants and contracts receivable	(80,621)	12,767
Prepaid expenses	(3,042)	7,165
Accounts payable	284	201
Accrued payroll and related expenses	8,906	7,041
Accrued vacation pay	2,815	6,421
Deferred revenue	(12,500)	(11,400)
Net cash provided (used) by operating activities	<u>(38,544)</u>	<u>2,659</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(7,685)</u>
Net cash used by operating activities	<u>-</u>	<u>(7,685)</u>
Net decrease in cash and cash equivalents	(38,544)	(5,026)
Cash and cash equivalents, beginning of year	<u>444,453</u>	<u>449,479</u>
Cash and cash equivalents, end of year	<u><u>\$ 405,909</u></u>	<u><u>\$ 444,453</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 this mentor relationship (aka: match), children experience improved health, school, and life success. Bigs serve as role models and advisors 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, events, 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 Portland Metro area.

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

New Accounting Pronouncements – BBBS has adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions, and determining whether a contribution is conditional. Analysis of the various provisions of this standard resulted in no significant changes in the way BBBS recognizes revenue, and therefore no changes to previously issued audited financial statements were required.

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

Receivables - 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, 2019, there were no receivables greater than 90 days past due. As such, management does not believe an allowance for doubtful accounts is 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.

Contribution Recognition - BBBS recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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 met.

A portion of BBBSs' revenue is derived from federal and state and local government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BBBS has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. BBBS received cost reimbursable grants of \$174,615 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Contribution Recognition - Continued - 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 restrictions are reclassified to net assets without donor restrictions 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.

In-kind contributions of supplies and other items used in program services are valued at estimated fair value at the date of gift. No such items were received during the year ended December 31, 2019. 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. BBBS recognized donated professional services valued at \$4,733 for the year ended December 31, 2019. 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.

Special Events - BBBS considers special event revenue to equal the fair value of direct benefits to donors, which approximates the direct cost of those benefits. Excess receipts are considered contributions and are recognized as revenue when the related event takes place. Amounts received in advance of the event taking place are recorded as deferred revenue, and totaled \$5,700 at December 31, 2019.

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 statement 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 using estimates of time and effort.

Advertising - BBBS charges all nondirect advertising costs to expense as incurred. Advertising expense for the year ended December 31, 2019, was \$14,812.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

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 Charitable Activities Section of the Oregon Department of Justice. 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.

Summarized Financial Information for 2018 - 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, 2018, from which the summarized information was derived.

3. Unconditional Promises to Give

BBBS had unconditional promises to give representing the following at December 31:

	2019	2018
Unconditional promises expected to be collected in:		
Less than one year	\$ 32,989	\$ 96,670
One to five years	<u>80,000</u>	<u>-</u>
	<u><u>\$ 112,989</u></u>	<u><u>\$ 96,670</u></u>

Management has elected not to calculate any discount to present value on pledges due beyond one year, as such amount would not be significant, nor material to the financial statements.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

4. Property and Equipment

	2019	2018
Office equipment	\$ 40,783	\$ 40,783
Furniture	3,923	3,923
Computer equipment	<u>34,831</u>	<u>34,831</u>
	79,537	79,537
Less accumulated depreciation	<u>(72,164)</u>	<u>(69,645)</u>
Property and equipment - net	<u><u>\$ 7,373</u></u>	<u><u>\$ 9,892</u></u>

5. Operating Lease Commitments

BBBS leases office space and equipment under various operating lease agreements expiring through June 2025.

The future minimum lease payments are as follows:

Years Ending December 31,	Amount
2020	\$ 60,073
2021	74,308
2022	76,518
2023	78,394
Thereafter	<u>106,401</u>
	<u><u>\$ 395,694</u></u>

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

6. Net Assets with Donor Restrictions

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

	2019	2018
Subject to expenditure for specified purposes:		
Matches	\$ -	\$ 77,500
Nike program expenses	-	5,034
	<hr/>	<hr/>
	-	82,534
Subject to program	127,320	-
Subject to passage of time	162,989	206,726
	<hr/>	<hr/>
Total net assets with donor restrictions	<u>\$ 290,309</u>	<u>\$ 289,260</u>

During the year ended December 31, 2019, net assets of \$379,140 were released from donor restrictions through specific actions of BBBS and/or the passage of time.

7. 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, 2019, no employer matching contributions or discretionary contributions were made to the Plan.

8. 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.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

9. 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.

10. 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 (7.55 percent at December 31, 2019). The line of credit is unsecured. The balance outstanding on the line of credit was \$-0- at December 31, 2019.

11. Liquidity and Availability of Resources

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

	2019	2018
Cash and cash equivalents	\$ 405,909	\$ 444,453
Unconditional promises to give	112,989	96,670
Government grants and contracts receivable	<u>80,621</u>	<u>-</u>
Total financial assets available within one year	599,519	541,123
Less:		
Amounts unavailable for general expenditures within one year:		
Restricted by donors as to purpose	<u>127,320</u>	<u>82,534</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 472,199</u>	<u>\$ 458,589</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 10*).

**BIG BROTHERS BIG SISTERS
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Notes to Financial Statements - Continued

12. Subsequent Events

Management has evaluated subsequent events through August 25, 2020, the date the financial statements were available to issue.

As of that date financial markets and economic conditions in general had undergone a significant negative impact as a result of the COVID-19 health crisis. The extent of the impact of COVID-19 on BBBS's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on program participants, donors, and employees all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact BBBSs financial position and results of operations cannot be reasonably estimated at this time.

During May 2020, BBBS secured a \$236,400 loan from the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136 "The CARES Act"). If BBBS meets certain criteria under the CARES Act, all or a portion of the loan may be forgiven. Any portion of the loan not forgiven will bear interest at one percent per annum over a two year period. BBBS may elect to defer initial loan payments up to six months.