



FINANCIAL STATEMENTS
Year Ended December 31, 2020

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, 2020, 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, 2020, 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 BBBS' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Herman, Stewart & Schmitt, P.C.

Lake Oswego, Oregon
August 16, 2021

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Statement of Financial Position

December 31, 2020 <i>(With Comparative Amounts for 2019)</i>	2020	2019
ASSETS		
Cash and cash equivalents	\$ 827,126	\$ 405,909
Unconditional promises to give <i>(Note 3)</i>	40,000	112,989
Government grants receivable	144,588	80,621
Prepaid expenses	31,706	24,922
Property and equipment - net <i>(Note 4)</i>	7,402	7,373
Total assets	<u>\$ 1,050,822</u>	<u>\$ 631,814</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 12,216	\$ 485
Accrued payroll and related expenses	50,817	47,443
Accrued vacation pay	46,267	41,692
Deferred rent liability <i>(Note 5)</i>	20,983	-
Refundable advances	23,500	5,700
Total liabilities	153,783	95,320
Commitments and contingencies <i>(Notes 5, 8, and 9)</i>		
Net assets:		
Without donor restrictions:		
Board-designated	50,000	50,000
Undesignated	707,308	196,185
Total without donor restrictions	757,308	246,185
With donor restrictions <i>(Note 6)</i>	139,731	290,309
Total net assets	<u>897,039</u>	<u>536,494</u>
Total liabilities and net assets	<u>\$ 1,050,822</u>	<u>\$ 631,814</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, 2020 *(With Comparative Totals for 2019)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Revenues, gains, and support:				
Contributions and grants	\$ 449,040	\$ 342,736	\$ 791,776	\$ 833,175
Government grants	264,750	23,997	288,747	259,802
Paycheck Protection Program grant <i>(Note 11)</i>	236,400	-	236,400	-
Special events:				
Gross receipts	466,487	-	466,487	535,837
Less direct cost of donor benefits	<u>(55,634)</u>	<u>-</u>	<u>(55,634)</u>	<u>(79,605)</u>
Net proceeds from special events	410,853	-	410,853	456,232
In-kind contributions	6,638	-	6,638	4,733
Other income	1,568	-	1,568	843
Net assets released from restrictions <i>(Note 6)</i>	<u>517,311</u>	<u>(517,311)</u>	<u>-</u>	<u>-</u>
Net revenues, gains, and support	1,886,560	(150,578)	1,735,982	1,554,785
Expenses:				
Program services	742,792	-	742,792	786,751
General and administration	326,125	-	326,125	321,749
Fundraising	<u>306,520</u>	<u>-</u>	<u>306,520</u>	<u>386,871</u>
Total expenses	1,375,437	-	1,375,437	1,495,371
Increase (decrease) in net assets	511,123	(150,578)	360,545	59,414
Net assets, beginning of year	<u>246,185</u>	<u>290,309</u>	<u>536,494</u>	<u>477,080</u>
Net assets, end of year	<u>\$ 757,308</u>	<u>\$ 139,731</u>	<u>\$ 897,039</u>	<u>\$ 536,494</u>

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, 2020 *(With Comparative Totals for 2019)*

	Program Services	General and Administration	Fundraising	Total	
				2020	2019
Salaries	\$ 465,623	\$ 195,736	\$ 201,574	\$ 862,933	\$ 960,296
Payroll taxes and benefits	84,025	35,322	36,375	155,722	173,162
Total salaries and related expenses	549,648	231,058	237,949	1,018,655	1,133,458
Activities	29,075	1,022	15	30,112	31,204
Conferences and meetings	280	648	2,950	3,878	14,257
Depreciation	1,779	274	684	2,737	2,519
Dues and memberships	14,685	6,100	3,141	23,926	21,802
Events	-	-	3,100	3,100	21,317
Insurance	12,465	2,314	4,155	18,934	21,344
IT management	32,876	16,595	7,075	56,546	41,630
Miscellaneous	527	3,536	9,823	13,886	21,242
Office supplies and minor equipment	3,733	4,152	355	8,240	3,702
Postage and printing	1,625	785	1,845	4,255	7,770
Professional services	30,525	43,780	15,194	89,499	61,159
Recruitment activities	6,547	1,078	6,632	14,257	22,855
Rent/lease expense	50,883	10,186	12,318	73,387	74,048
Repairs and maintenance	-	687	-	687	589
Taxes and licenses	-	1,073	-	1,073	497
Telephone	6,537	1,017	1,110	8,664	8,377
Travel	1,607	320	174	2,101	7,601
Uncollectible pledges	-	1,500	-	1,500	-
	\$ 742,792	\$ 326,125	\$ 306,520	\$1,375,437	\$1,495,371

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, 2020 <i>(With Comparative Totals for 2019)</i>	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 360,545	\$ 59,414
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	2,737	2,519
Changes in:		
Unconditional promises to give	72,989	(16,319)
Government grants and contracts receivable	(63,967)	(80,621)
Prepaid expenses	(6,784)	(3,042)
Accounts payable	11,731	284
Accrued payroll and related expenses	3,374	8,906
Accrued vacation pay	4,575	2,815
Deferred rent liability	20,983	-
Refundable advances	17,800	(12,500)
Net cash provided (used) by operating activities	<u>423,983</u>	<u>(38,544)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(2,766)</u>	<u>-</u>
Net cash used by investing activities	<u>(2,766)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	421,217	(38,544)
Cash and cash equivalents, beginning of year	<u>405,909</u>	<u>444,453</u>
Cash and cash equivalents, end of year	<u>\$ 827,126</u>	<u>\$ 405,909</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 collectability of pledges, 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

Adoption of New Accounting Standard - Effective January 1, 2020, BBBS has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU), 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Management believes this standard improves the usefulness and understandability of BBBS' financial reporting. Analysis of the various provisions of this standard resulted in no changes in the way BBBS recognizes revenue.

Recent Accounting Pronouncement - In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU, among other things, will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for BBBS on January 1, 2023. BBBS is evaluating the potential impact of this ASU on its financial statements.

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, 2020, there was \$3,997 outstanding greater than 90 days. 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 BBBS' 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 refundable advances in the statement of financial position. BBBS has been awarded cost reimbursable grants totaling approximately \$80,000 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred. Government grants receivable are due within one year.

**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, 2020. 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 \$6,638 for the year ended December 31, 2020. 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' 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 refundable advances, and totaled \$23,500 at December 31, 2020.

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 non-direct advertising costs to expense as incurred. Advertising expense for the year ended December 31, 2020, was \$8,020.

**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 2019 - 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, 2019, from which the summarized information was derived.

3. Unconditional Promises to Give

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

	2020	2019
Unconditional promises expected to be collected in:		
Less than one year	\$ 40,000	\$ 32,989
One to five years	<u>-</u>	<u>80,000</u>
	<u><u>\$ 40,000</u></u>	<u><u>\$ 112,989</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 to the financial statements.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

4. Property and Equipment

	2020	2019
Office equipment	\$ 42,251	\$ 40,783
Furniture	3,923	3,923
Computer equipment	<u>36,129</u>	<u>34,831</u>
	82,303	79,537
Less accumulated depreciation	<u>(74,901)</u>	<u>(72,164)</u>
Property and equipment - net	<u><u>\$ 7,402</u></u>	<u><u>\$ 7,373</u></u>

5. Operating Lease Commitments

BBBS leases office space and equipment under various operating lease agreements expiring through June 2025 with current minimum payments of \$5,100. The office lease calls for escalating payments over the life of the lease and 3-months of free rent as an incentive. Accordingly, a liability for deferred rent has been established to reflect the difference between actual rental expense based on the straight-line method and actual amounts paid under the terms of the leases. In addition, the lease incentive is amortized on a straight-line basis as an offset to rent expense with the remaining obligation included in deferred rent liability.

The future minimum lease payments are as follows:

Years Ending December 31,	Amount
2021	\$ 73,239
2022	73,239
2023	73,239
2024	65,196
2025	<u>29,726</u>
	<u><u>\$ 314,639</u></u>

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

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows at December 31:

	2020	2019
Subject to program restrictions	\$ 95,734	\$ 127,320
Subject to passage of time	<u>43,997</u>	<u>162,989</u>
Total net assets with donor restrictions	<u><u>\$ 139,731</u></u>	<u><u>\$ 290,309</u></u>

During the year ended December 31, 2020, net assets of \$517,311 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. This Plan was terminated in 2021.

Additionally, BBBS maintains a 401(k) retirement plan (the 401(k) Plan) for employees meeting specific eligibility criteria. Employees are eligible to participate in the 401(k) Plan from the first day of employment and must be over 18. Employer contributions are vested when the employee becomes eligible. Discretionary contributions are allowed under the 401(k) Plan, but are not required.

During the year ended December 31, 2020, no employer discretionary contributions were made to the Plan or to the 401(k) Plan.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

8. Concentrations of Risk and Contingencies

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.

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 2.8 percent per annum (6.05 percent at December 31, 2020). The line of credit is unsecured. The balance outstanding on the line of credit was \$-0- at December 31, 2020.

10. Liquidity and Availability of Resources

BBBS' financial assets available for general expenditure within one year consist of the following at December 31, 2020:

Cash and cash equivalents	\$ 827,126
Unconditional promises to give	40,000
Government grants and contracts receivable	<u>144,588</u>
Total financial assets available within one year	1,011,714
Less:	
Amounts unavailable for general expenditures within one year:	
Restricted by donors as to purpose	<u>95,734</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 915,980</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*).

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

11. Paycheck Protection Program Grant

In 2020, BBBS received loan proceeds of \$236,400 from Umpqua Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

BBBS elected to account for the loan as a government grant that is recognized as revenue as qualifying expenses are incurred. During 2020, BBBS incurred qualifying expenses in excess of the amount of the PPP loan, and as such recognized the entire amount of the PPP loan as revenue during 2020. In November 2020, BBBS received formal notification of full forgiveness of the PPP loan from the Small Business Administration (SBA).

During February 2021, BBBS secured a second PPP loan of \$207,901 from the SBA under 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.

12. Subsequent Events

Management has evaluated subsequent events through August 16, 2021, the date the financial statements were available to issue.