



FINANCIAL STATEMENTS

Year Ended December 31, 2021

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

Opinion

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, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BBBS as of December 31, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BBBS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BBBS' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BBBS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BBBS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited BBBS' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 29, 2022

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Statement of Financial Position

December 31, 2021 <i>(With Comparative Amounts for 2020)</i>	2021	2020
ASSETS		
Cash and cash equivalents	\$ 907,802	\$ 827,126
Unconditional promises to give <i>(Note 3)</i>	-	40,000
Government grants receivable	159,485	144,588
Prepaid expenses	24,087	31,706
Property and equipment - net <i>(Note 4)</i>	11,827	7,402
Total assets	<u>\$ 1,103,201</u>	<u>\$ 1,050,822</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 8,675	\$ 12,216
Accrued payroll and related expenses	43,602	50,817
Accrued vacation pay	43,883	46,267
Deferred rent liability <i>(Note 5)</i>	19,914	20,983
Refundable advances	500	23,500
Total liabilities	116,574	153,783
Commitments and contingencies <i>(Notes 5, 8, and 9)</i>		
Net assets:		
Without donor restrictions:		
Board-designated	50,000	50,000
Undesignated	844,646	707,308
Total without donor restrictions	894,646	757,308
With donor restrictions <i>(Note 6)</i>	91,981	139,731
Total net assets	<u>986,627</u>	<u>897,039</u>
Total liabilities and net assets	<u>\$ 1,103,201</u>	<u>\$ 1,050,822</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, 2021 *(With Comparative Totals for 2020)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Revenues, gains, and support:				
Contributions and grants	\$ 497,453	\$ 174,000	\$ 671,453	\$ 791,776
Government grants	-	315,676	315,676	288,747
Paycheck Protection Program revenue <i>(Note 11)</i>	207,901	-	207,901	236,400
Special events:				
Gross receipts	462,449	-	462,449	466,487
Less direct cost of donor benefits	(89,055)	-	(89,055)	(55,634)
Net proceeds from special events	373,394	-	373,394	410,853
In-kind contributions	21,896	-	21,896	6,638
Other income	1,860	-	1,860	1,568
Net assets released from restrictions <i>(Note 6)</i>	537,426	(537,426)	-	-
Net revenues, gains, and support	1,639,930	(47,750)	1,592,180	1,735,982
Expenses:				
Program services	741,085	-	741,085	742,792
General and administration	362,336	-	362,336	326,125
Fundraising	399,171	-	399,171	306,520
Total expenses	1,502,592	-	1,502,592	1,375,437
Increase (decrease) in net assets	137,338	(47,750)	89,588	360,545
Net assets, beginning of year	757,308	139,731	897,039	536,494
Net assets, end of year	\$ 894,646	\$ 91,981	\$ 986,627	\$ 897,039

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, 2021 *(With Comparative Totals for 2020)*

	Program Services	General and		Total	
		Administration	Fundraising	2021	2020
Salaries	\$ 471,075	\$ 200,220	\$ 251,307	\$ 922,602	\$ 862,933
Payroll taxes and benefits	78,543	33,383	41,901	153,827	155,722
Total salaries and related expenses	549,618	233,603	293,208	1,076,429	1,018,655
Activities	29,334	1,354	208	30,896	30,112
Conferences and meetings	1,050	-	-	1,050	3,878
Depreciation	2,072	319	797	3,188	2,737
Donated advertising	15,000	-	-	15,000	-
Dues and memberships	12,831	4,138	5,365	22,334	23,926
Events	-	-	25	25	3,100
Insurance	10,212	1,431	3,404	15,047	18,934
IT management	29,609	18,487	9,150	57,246	56,546
Miscellaneous	2,612	7,594	9,518	19,724	13,886
Office supplies and minor equipment	1,351	2,050	302	3,703	8,240
Postage and printing	1,305	489	11,814	13,608	4,255
Professional services	23,404	66,298	45,749	135,451	89,499
Recruitment activities	6,912	6,505	4,559	17,976	14,257
Rent/lease expense	48,073	13,807	13,349	75,229	73,387
Repairs and maintenance	-	3,951	-	3,951	687
Taxes and licenses	-	893	100	993	1,073
Telephone	6,312	1,417	1,623	9,352	8,664
Travel	1,390	-	-	1,390	2,101
Uncollectible pledges	-	-	-	-	1,500
	\$ 741,085	\$ 362,336	\$ 399,171	\$1,502,592	\$1,375,437

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, 2021 <i>(With Comparative Totals for 2020)</i>	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 89,588	\$ 360,545
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,188	2,737
Changes in:		
Unconditional promises to give	40,000	72,989
Government grants and contracts receivable	(14,897)	(63,967)
Prepaid expenses	7,619	(6,784)
Accounts payable	(3,541)	11,731
Accrued payroll and related expenses	(7,215)	3,374
Accrued vacation pay	(2,384)	4,575
Deferred rent liability	(1,069)	20,983
Refundable advances	(23,000)	17,800
Net cash provided by operating activities	<u>88,289</u>	<u>423,983</u>
Cash flows from investing activities:		
Purchase of property and equipment	(7,613)	(2,766)
Net cash used by investing activities	<u>(7,613)</u>	<u>(2,766)</u>
Net increase in cash and cash equivalents	80,676	421,217
Cash and cash equivalents, beginning of year	827,126	405,909
Cash and cash equivalents, end of year	<u>\$ 907,802</u>	<u>\$ 827,126</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

Recent Accounting Pronouncement - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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, 2022. 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, 2021, there was \$23,834 outstanding greater than 90 days. 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 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 of approximately \$203,311 that have not been recognized at December 31, 2021 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, 2021. 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 \$6,896 for the year ended December 31, 2021. BBBS also received donated advertising space whose fair value has been estimated at \$15,000. 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 \$500 at December 31, 2021.

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, 2021, was \$26,054.

**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 2020 - 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, 2020, from which the summarized information was derived.

3. Unconditional Promises to Give

BBBS had no unconditional promises to give at December 31, 2021. Unconditional promises expected to be collected in less than one year totaled \$40,000 at December 31, 2020.

**BIG BROTHERS BIG SISTERS
COLUMBIA NORTHWEST**

Notes to Financial Statements - Continued

4. Property and Equipment

	2021	2020
Office equipment	\$ 42,251	\$ 42,251
Furniture	3,923	3,923
Computer equipment	<u>43,742</u>	<u>36,129</u>
	89,916	82,303
Less accumulated depreciation	<u>(78,089)</u>	<u>(74,901)</u>
Property and equipment - net	<u>\$ 11,827</u>	<u>\$ 7,402</u>

5. Operating Lease Commitments

BBBS leases office space and equipment under various operating lease agreements expiring through June 2025 with current minimum monthly 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
2022	\$ 73,239
2023	73,239
2024	65,196
2025	<u>29,726</u>
	<u>\$ 241,400</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:

	2021	2020
Subject to specific program purposes	\$ 84,481	\$ 95,734
Subject to passage of time	<u>7,500</u>	<u>43,997</u>
Total net assets with donor restrictions	<u>\$ 91,981</u>	<u>\$ 139,731</u>

During the year ended December 31, 2021, net assets of \$537,426 were released from donor restrictions through specific actions of BBBS and/or the passage of time.

7. Retirement Plan

BBBS maintained 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 were allowed under the Plan, but were not required. This Plan was terminated in June 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 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 Plan, but are not required.

During the year ended December 31, 2021, 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 had a \$100,000 line of credit available with Umpqua Bank until September 2021. As of September 2021, BBBS has a \$400,000 line of credit available with Pacific West Bank. Interest is payable monthly at the Wall Street Journal prime rate plus 1.75 percent per annum (5.00 percent at December 31, 2021). The line of credit is secured by all inventory and equipment. There were no borrowings on the line of credit at December 31, 2021.

10. Liquidity and Availability of Resources

BBBS' financial assets available for general expenditure within one year consist of the following at December 31, 2021:

Cash and cash equivalents	\$ 907,802
Government grants and contracts receivable	<u>159,485</u>
Total financial assets available within one year	1,067,287
Less:	
Amounts unavailable for general expenditures within one year:	
Restricted by donors as to purpose	<u>84,481</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 982,806</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 \$400,000 which management can draw upon (*Note 9*).

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

11. Paycheck Protection Program Revenue

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 PPP loan as revenue for the year ended December 31, 2020. In November 2020, BBBS received formal notification of full forgiveness from the Small Business Administration (SBA).

During February 2021, BBBS secured a second PPP loan of \$207,901 from Umpqua Bank. During 2021, BBBS incurred qualifying expenses in excess of the amount of the second PPP loan, and as such recognized the second PPP loan as revenue for the year ended December 31, 2021. In October 2021, BBBS received formal notification of full forgiveness from the SBA.

12. Subsequent Events

Management has evaluated subsequent events through August 29, 2022, the date the financial statements were available to issue.

In May 2022, BBBS received a \$1,500,000 contribution from a donor to support the organization in furthering its mission to ensure young people have access to transformative mentoring experiences that empower them with a plan for their future and a mentor whose impact lasts a lifetime.