



**FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**

**with**  
**Independent Auditors' Report**

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**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, 2023, 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, 2023, 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 omissions, 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' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 12, 2024

**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Statement of Financial Position**

<b>December 31, 2023</b> <i>(With Comparative Amounts for 2022)</i>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,955,771	\$ 2,987,263
Investments <i>(Note 4)</i>	1,728,786	1,501,504
Unconditional promises to give <i>(Note 5)</i>	123,500	282,500
Government grants receivable	71,954	113,104
Prepaid expenses	28,088	22,496
Operating right-of-use assets, net <i>(Note 8)</i>	146,590	233,100
Property and equipment, net <i>(Note 6)</i>	33,569	21,937
<b>Total assets</b>	<b>\$ 4,088,258</b>	<b>\$ 5,161,904</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 21,456	\$ 62,260
Accrued payroll and related expenses	31,935	26,578
Accrued vacation pay	52,904	42,534
Refundable advances	500	-
Operating lease liabilities <i>(Note 8)</i>	161,836	251,999
<b>Total liabilities</b>	<b>268,631</b>	<b>383,371</b>
<b>Net assets:</b>		
Without donor restrictions:		
Board-designated	50,000	50,000
Undesignated	3,534,703	4,353,208
Total without donor restrictions	3,584,703	4,403,208
With donor restrictions <i>(Note 9)</i>	234,924	375,325
<b>Total net assets</b>	<b>3,819,627</b>	<b>4,778,533</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,088,258</b>	<b>\$ 5,161,904</b>

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

**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Statement of Activities**

**Year Ended December 31, 2023** (With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>Revenues, gains, and support:</b>				
Contributions and grants (Note 11)	\$ 337,857	\$ 56,500	\$ 394,357	\$ 4,893,526
Government grants	-	289,740	289,740	292,605
Special events:				
Gross receipts	539,393	-	539,393	526,114
Less direct cost of donor benefits	(112,494)	-	(112,494)	(115,981)
Net proceeds from special events	426,899	-	426,899	410,133
Contributed non-financial assets	15,000	-	15,000	-
Other income	49,008	-	49,008	2,309
Net assets released from restrictions (Note 9)	486,641	(486,641)	-	-
<b>Net revenues, gains, and support</b>	<b>1,315,405</b>	<b>(140,401)</b>	<b>1,175,004</b>	<b>5,598,573</b>
<b>Expenses:</b>				
Program services	1,211,777	-	1,211,777	1,048,760
General and administration	611,045	-	611,045	423,017
Fundraising	480,650	-	480,650	464,924
<b>Total expenses</b>	<b>2,303,472</b>	<b>-</b>	<b>2,303,472</b>	<b>1,936,701</b>
<b>Change in net assets from operations</b>	<b>(988,067)</b>	<b>(140,401)</b>	<b>(1,128,468)</b>	<b>3,661,872</b>
<b>Non-operating revenue:</b>				
Employee Retention Credit	-	-	-	73,248
Investment return	169,562	-	169,562	56,786
<b>Total non-operating revenue</b>	<b>169,562</b>	<b>-</b>	<b>169,562</b>	<b>130,034</b>
<b>Change in net assets</b>	<b>(818,505)</b>	<b>(140,401)</b>	<b>(958,906)</b>	<b>3,791,906</b>
Net assets, beginning of year	4,403,208	375,325	4,778,533	986,627
<b>Net assets, end of year</b>	<b>\$ 3,584,703</b>	<b>\$ 234,924</b>	<b>\$ 3,819,627</b>	<b>\$ 4,778,533</b>

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, 2023** (With Comparative Totals for 2022)

	Program Services	General and		Total	
		Administration	Fundraising	2023	2022
Salaries	\$ 772,721	\$ 357,551	\$ 288,599	\$1,418,871	\$1,192,682
Payroll taxes and benefits	130,622	60,441	48,786	239,849	210,825
Total salaries and related expenses	903,343	417,992	337,385	1,658,720	1,403,507
Activities	39,413	841	127	40,381	41,696
Conferences and meetings	27,395	10,933	1,825	40,153	32,601
Depreciation	7,078	1,241	2,444	10,763	5,605
Dues and memberships	15,331	4,028	4,236	23,595	19,452
Events	269	-	27,534	27,803	23,857
Insurance	12,328	2,383	3,782	18,493	15,033
IT management	68,549	22,028	17,669	108,246	102,330
Miscellaneous	2,681	9,976	9,064	21,721	15,642
Office supplies	482	4,047	159	4,688	5,159
Postage and printing	1,445	399	9,356	11,200	11,458
Professional services	23,790	109,189	26,983	159,962	124,681
Recruitment activities	28,705	965	16,555	46,225	35,903
Lease expense	63,278	16,681	18,660	98,619	78,146
Repairs and maintenance	-	4,214	-	4,214	2,662
Taxes and licenses	-	966	100	1,066	1,152
Telephone	13,755	4,757	3,563	22,075	14,672
Travel	3,935	405	1,208	5,548	3,145
	<b>\$1,211,777</b>	<b>\$ 611,045</b>	<b>\$ 480,650</b>	<b>\$2,303,472</b>	<b>\$1,936,701</b>

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

**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Statement of Cash Flows**

<b>Year Ended December 31, 2023</b> <i>(With Comparative Totals for 2022)</i>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (958,906)	\$ 3,791,906
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,763	5,605
Net change in operating lease right-of-use asset and liability	(3,653)	(1,015)
Net realized and unrealized gains on investments	(108,048)	(19,005)
Contribution of investments	-	(1,486,850)
Contribution of property and equipment	(15,000)	-
Loss on disposal of property and equipment	-	1,060
Changes in:		
Unconditional promises to give	159,000	(282,500)
Government grants receivable	41,150	46,381
Prepaid expenses	(5,592)	1,591
Accounts payable	(40,804)	53,585
Accrued payroll and related expenses	5,357	(17,024)
Accrued vacation pay	10,370	(1,349)
Refundable advances	500	(500)
<b>Net cash provided (used) by operating activities</b>	<b><u>(904,863)</u></b>	<b><u>2,091,885</u></b>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(119,234)	-
Purchase of property and equipment	(7,395)	(16,775)
Proceeds from sale of investments	-	4,351
<b>Net cash used by investing activities</b>	<b><u>(126,629)</u></b>	<b><u>(12,424)</u></b>
<b>Net change in cash and cash equivalents</b>	<b>(1,031,492)</b>	<b>2,079,461</b>
Cash and cash equivalents, beginning of year	<u>2,987,263</u>	<u>907,802</u>
<b>Cash and cash equivalents, end of year</b>	<b><u><u>\$ 1,955,771</u></u></b>	<b><u><u>\$ 2,987,263</u></u></b>

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



**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Notes to Financial Statements**

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**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, 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 uncollectible contributions and grants, 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**

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**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.

**Investments and Fair Value Measurements** - Investments are reported at fair value based on quoted market prices and consist of US Treasuries, corporate bonds, equity mutual funds, exchange traded funds, money market funds, and other assets - REIT (Real Estate Investment Trusts).

GAAP provides the framework for measuring fair value. The classification of assets and liabilities within the fair value hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data. At December 31, 2023, there were no liabilities measured at fair value.

The three levels of the fair value hierarchy under GAAP and the valuation methodologies used for assets are described below:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets BBBS has the ability to access.

*Level 2* - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Fair value is based on significant unobservable inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

BBBS recognizes transfers into and out of levels within the fair value hierarchy at the actual date of the event or change in circumstances that caused the transfer.

**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Notes to Financial Statements - Continued**

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**2. Summary of Significant Accounting Policies - Continued**

**Receivables** - BBBS uses the allowance method to account for uncollectible contributions and grants. 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, 2023, there was \$85,820 outstanding greater than 90 days. Management does not believe an allowance for uncollectible contributions and grants 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.

**Contributions and Grants 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 \$350,000 that have not been recognized at December 31, 2023 because qualifying expenditures have not yet been incurred. BBBS also has been awarded a matching grant of \$150,000 that has not been recognized at December 31, 2023 because qualifying matching gifts have not been raised.

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.

**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Notes to Financial Statements - Continued**

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**2. Summary of Significant Accounting Policies - Continued**

**Contributed Nonfinancial Assets** - 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, 2023. 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. No such services were received during the year ended December 31, 2023. BBBS received donated property and equipment, which have been valued at \$15,000 based on the price if purchased by BBBS. This equipment was capitalized and will be utilized in BBBS' program and supporting services over its useful life. The donor did not impose any restrictions on this gift. 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, 2023.

**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, 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, 2023, was \$20,540.

**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.

**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Notes to Financial Statements - Continued**

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**2. Summary of Significant Accounting Policies - Continued**

**Summarized Financial Information for 2022** - 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, 2022, from which the summarized information was derived.

**3. Liquidity and Availability of Resources**

BBBS' financial assets available for general expenditure within one year consist of the following at December 31, 2023:

	<b>2023</b>
Cash and cash equivalents	\$ 1,955,771
Investments	1,728,786
Unconditional promises to give to be collected in one year	123,500
Government grants receivable	<u>71,954</u>
Total financial assets available within one year	3,880,011
Less:	
Amounts unavailable for general expenditures within one year:	
Restricted by donors as to purpose	<u>184,424</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 3,695,587</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 7*).

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

**4. Investments and Fair Value Measurements**

Investments consist of the following at December 31:

	<b>2023</b>	<b>2022</b>
Fixed income:		
US Treasuries	\$ 235,702	\$ -
Corporate bonds	282,339	-
Bond mutual funds	-	1,122,865
Equity mutual funds	876,009	80,835
Exchange traded funds	243,859	297,804
Money market funds	75,972	-
Other assets - REIT	14,905	-
	<b>\$ 1,728,786</b>	<b>\$ 1,501,504</b>
	<b>\$ 1,728,786</b>	<b>\$ 1,501,504</b>

The following table sets forth by level, within the fair value hierarchy, BBBS's assets measured at fair value on a recurring basis as of December 31, 2023 (there were no assets valued using a level 2 type measurement):

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Fair Value</b>
Investments:			
Fixed income:			
US Treasuries	\$ 235,702	\$ -	\$ 235,702
Corporate bonds	-	282,339	282,339
Equity mutual funds	876,009	-	876,009
Exchange traded funds	243,859	-	243,859
Money market funds	75,972	-	75,972
Other assets - REIT	14,905	-	14,905
	<b>\$ 1,446,447</b>	<b>\$ 282,339</b>	<b>\$ 1,728,786</b>
	<b>\$ 1,446,447</b>	<b>\$ 282,339</b>	<b>\$ 1,728,786</b>

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

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**5. Unconditional Promises to Give**

Unconditional promises expected to be collected in less than one year totaled \$123,500 at December 31, 2023.

Unconditional promises expected to be collected in less than one year totaled \$232,500 and in one to five years totaled \$50,000 at December 31, 2022. 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.

**6. Property and Equipment**

	<b>2023</b>	<b>2022</b>
Office equipment	\$ 800	\$ 40,784
Furniture	15,000	3,923
Computer equipment	45,507	60,517
	<hr/>	<hr/>
	61,307	105,224
Less accumulated depreciation	<hr/> (27,738)	<hr/> (83,287)
Property and equipment - net	<hr/> <hr/> \$ 33,569	<hr/> <hr/> \$ 21,937

**7. Line of Credit**

BBBS has a \$400,000 line of credit available with Pacific West Bank, which matures in October 2025. Interest is payable monthly at the Wall Street Journal prime rate per annum with a minimum floor of 8.5 percent (8.5 percent at December 31, 2023). The line of credit is secured by accounts and equipment. There were no borrowings on the line of credit at December 31, 2023.

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

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**8. Operating Leases**

BBBS determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or to contain a lease if the contract conveys the right to control the use of an identified asset in exchange for consideration. When an arrangement is a lease, BBBS determines whether it is an operating or finance lease.

Leases result in recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability, adjusted for any direct costs, prepaid or deferred rent, and lease incentives. BBBS has elected not to separate lease components from non-lease components, and to apply the short-term lease exception, which does not require the capitalization of leases with a term of 12 months or less. Short-term leases are recognized as expense on a straight-line basis over the term of the lease. Variable lease payments, if any, are recognized as expense in the period in which the obligation for payment is incurred. BBBS considers any options to extend or terminate a lease when determining the lease term, and only options that BBBS believes are reasonably certain to be exercised are included in the measurement of the ROU assets and lease liabilities.

BBBS leases its main office and copier under operating leases with 5-year initial terms. Some leases may include renewal options which can extend the lease term. The exercise of these renewal options are generally at the discretion of BBBS, and only lease options that BBBS believes are reasonably certain to be exercised are included in the measurement of the ROU assets and lease liabilities. The lease agreements do not include any residual value guarantees or restrictive covenants. BBBS has elected to use the risk-free rate of return as the discount rate as neither the rate implicit in the lease nor the BBBS's incremental borrowing rate are readily available.

Rent expense was composed of the following for the years ended December 31:

	<b>2023</b>	<b>2022</b>
Operating lease expense	\$ 94,175	\$ 75,504
Short-term lease expense	<u>4,444</u>	<u>2,642</u>
	<u>\$ 98,619</u>	<u>\$ 78,146</u>



**BIG BROTHERS BIG SISTERS  
COLUMBIA NORTHWEST**

**Notes to Financial Statements - Continued**

**8. Operating Leases - Continued**

The following summarizes the cash flow information related to operating leases for the years ended December 31:

	<b>2023</b>	<b>2022</b>
Cash paid for amounts included in the measurement of lease liabilities for operating leases included in operating cash flows	\$ 97,828	\$ 76,518
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 5,282	\$ 326,245

Weighted average lease term and discount rate were as follows at December 31:

	<b>2023</b>	<b>2022</b>
Weighted-average remaining lease term (in years)	1.83	2.42
Weighted-average discount rate for operating leases	1.33%	0.99%

The maturities of operating lease liabilities were as follows as of December 31, 2023:

<b>Years Ending December 31,</b>	<b>Amount</b>
2024	\$ 100,173
2025	53,497
2026	4,425
2027	4,425
2028	1,844
	164,364
Less present value discount	(2,528)
Operating lease liabilities	\$ 161,836

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

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**9. Net Assets with Donor Restrictions**

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

	2023	2022
Subject to specific program purposes	\$ 184,424	\$ 275,325
Subject to passage of time	<u>50,500</u>	<u>100,000</u>
Total net assets with donor restrictions	<u>\$ 234,924</u>	<u>\$ 375,325</u>

During the year ended December 31, 2023, net assets of \$486,641 were released from donor restrictions through specific actions of BBBS and/or the passage of time.

**10. Retirement Plan**

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, 2023, no employer discretionary contributions were made to the 401(k) Plan.

**11. Concentrations 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.

During the year ended December 31, 2023, one donor accounted for 28 percent of contributions and grants.

**13. Subsequent Events**

Management has evaluated subsequent events through August 12, 2024, the date the financial statements were available to issue.