

**BIG BROTHERS BIG SISTERS
OF SOUTHWESTERN ILLINOIS**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS

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***Fick, Eggemeyer
& Williamson***

Certified Public Accountants, PC

CPA[™]
MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Brothers Big Sisters of Southwestern Illinois

We have audited the accompanying financial statements of Big Brothers Big Sisters of Southwestern Illinois (a nonprofit organization), 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 Big Brothers Big Sisters of Southwestern Illinois 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.

Fick, Eggemeyer, & Williamson

Fick, Eggemeyer, and Williamson CPAs
Saint Louis, Missouri
February 10, 2021

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 167,052
Prepaid expenses	<u>4,328</u>
Total current assets	<u>171,380</u>
NONCURRENT ASSETS	
Property and equipment, net of accumulated depreciation	<u>405,355</u>
Total noncurrent assets	<u>405,355</u>
Total assets	<u><u>\$ 576,735</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 12,352
Note payable	<u>71,700</u>
Total current liabilities	<u>84,052</u>
NONCURRENT LIABILITIES	
None	<u>-</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>84,052</u>
NET ASSETS	
Without donor restriction	492,683
With donor restriction	<u>-</u>
Total net assets	<u>492,683</u>
Total liabilities and net assets	<u><u>\$ 576,735</u></u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2020

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 134,075	\$ -	\$ 134,075
Grants	172,307	-	172,307
Special events	56,190	-	56,190
Raffles	256,000	-	256,000
Rent	12,000	-	12,000
Miscellaneous	1,165	-	1,165
Total support and revenue	<u>631,737</u>	<u>-</u>	<u>631,737</u>
Net assets released from restrictions			
Satisfaction of restrictions	-	-	-
Total	<u>631,737</u>	<u>-</u>	<u>631,737</u>
EXPENSES			
Program	361,111	-	361,111
Total program expenses	<u>361,111</u>	<u>-</u>	<u>361,111</u>
Support expenses			
General and administration	63,720	-	63,720
Fundraising	234,527	-	234,527
Total support expenses	<u>298,247</u>	<u>-</u>	<u>298,247</u>
Total expenses	<u>659,358</u>	<u>-</u>	<u>659,358</u>
Changes in net assets from operations	<u>(27,621)</u>	<u>-</u>	<u>(27,621)</u>
INVESTMENT ACTIVITIES			
Interest income	34	-	34
Total investment activities	<u>34</u>	<u>-</u>	<u>34</u>
Changes in net assets	(27,587)	-	(27,587)
Net assets - beginning of year	520,270	-	520,270
Net assets - end of year	<u>\$ 492,683</u>	<u>\$ -</u>	<u>\$ 492,683</u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2020

	<u>Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 203,342	\$ 35,884	\$ 59,807	\$ 299,033
Benefits and taxes	35,062	6,187	10,312	51,561
Contractors	6,739	1,189	1,982	9,910
Insurance	3,478	183	-	3,661
Office	8,195	2,341	1,171	11,707
Program	9,754	-	-	9,754
Professional fees	38,070	-	-	38,070
Dues	20,266	-	-	20,266
Special events	-	-	10,872	10,872
Raffles	-	-	148,581	148,581
Volunteer recruitment	10,125	-	-	10,125
Utilities	11,496	639	639	12,774
Meetings	4,320	-	-	4,320
Travel	845	-	-	845
Depreciation	-	14,843	-	14,843
Miscellaneous	326	1,379	1,163	2,868
Professional development	-	1,075	-	1,075
Building maintenance	9,093	-	-	9,093
Total	<u>\$ 361,111</u>	<u>\$ 63,720</u>	<u>\$ 234,527</u>	<u>\$ 659,358</u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ (27,587)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	14,843
Changes in assets and liabilities:	
(Increase) decrease in prepaid expenses	1,321
Increase (decrease) in accounts payable	<u>(3,673)</u>
Net cash provided by (used in) operating activities	<u>(15,096)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(3,011)
Net cash provided by (used in) investing activities	<u>(3,011)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from note payable	<u>71,700</u>
Net cash provided by (used in) financing activities	<u>71,700</u>
Net increase (decrease) in cash and cash equivalents	<u>53,593</u>
Cash and cash equivalents - beginning of year	<u>113,459</u>
Cash and cash equivalents - end of year	<u><u>\$ 167,052</u></u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

Big Brothers Big Sisters of Southwestern Illinois (the Organization) was created as a nonprofit organization. The Organization is to provide children from single-parent families with volunteer mentors. The mentor program extends to St. Clair, Madison, Monroe and Clinton counties in Illinois. Counseling services are provided to youth in St. Clair county.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization does not have any net assets with donor restrictions as of December 31, 2020.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

Property and equipment

Property and equipment are recorded at cost or, in the case of donated assets, at their estimated fair market value on the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over the useful lives of five to forty years. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation expense for the year ended December 31, 2020 was \$14,843.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Contributed Services

A number of volunteers contribute services to the Organization. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investments and other activities considered to be of a more unusual or nonrecurring nature.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2010. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2020, no amounts have been recognized for uncertain tax positions. The Organization's tax returns for 2017 and prior are now closed.

NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

NOTE 3 - LINE OF CREDIT

The Organization maintains a \$150,000 line of credit with Providence Bank that matures on June 14, 2021. The line of credit carries an interest rate of 3.25%. As of December 31, 2020, the credit line balance was \$0.

NOTE 4 - FUNDRAISING

The Organization hosts a minimum of two raffles per year to provide funding for its programs. The Organization emphasizes having these raffles due to the high success rate and efficiency of putting on this type of fundraiser. Raffles have been a large revenue driver for the Organization. According to management, they also require minimal staff usage, which results in lower cost and maximum return. Expenses related to the Organization's raffles are recorded on a functional basis in the statement of activities and are allocated based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2020 follows:

Buildings and improvements	\$	415,040
Equipment		19,698
Total depreciable property		434,738
Accumulated depreciation		(29,383)
Property and equipment, net	\$	405,355

NOTE 6 - AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$ 167,052
Total financial assets at year-end	167,052
Less amounts not available for general expenditures to be used within on year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	-
Total amounts not available to meet general expenditures within one year	-
Financial assets available to meet general expenditures within one year	\$ 167,052

NOTE 7 - NOTE PAYABLE

In April 2020, the Organization received loan proceeds in the amount of \$71,700 under the Paycheck Protection Program (“PPP”). The PPP is administered by the Small Business Administration. The loan and accrued interest are forgivable after eight to twenty-four weeks as long as the Organization uses the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. The amount of loan forgiveness may be reduced if the Organization reduces payroll during the eight to twenty-four week period. The unforgiven portion of the PPP loan is payable over a two-year period at an interest rate of 1%, with a deferral of payments for the first six months. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The Organization applied for loan forgiveness during December 2020 with the belief that it would meet the conditions for forgiveness. As of December 31, 2020, the outstanding loan balance was \$71,700. Subsequent to year-end, the Organization formally received loan forgiveness for the full amount.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - OPERATING LEASE AS LESSEE

In November 2018, the Organization renewed its copier lease for five years with Xerox Corporation. The lease expires on December 30, 2023 and has minimum monthly lease payments of \$134.

As of December 31, 2020, the future minimum leases payments are as follows:

Year ending December 31		
2021	\$	1,608
2022		1,608
2023		1,608
Total	\$	<u>4,824</u>

Expenses associated with this lease were \$2,244 for the year ending December 31, 2020.

NOTE 9 - OPERATING LEASE AS LESSOR

In February 2020, the Organization entered into a lease agreement with The Ease Program for office space. The lease expires on February 14, 2022 and has minimum monthly lease payments of \$1,000.

As of December 31, 2020, the future minimum lease payments receivable are as follows:

Year ending December 31		
2021	\$	12,000
2022		1,000
Total	\$	<u>13,000</u>

Revenue associated with this lease was \$12,000 for the year ending December 31, 2020.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 10, 2021, the date which the financial statements were available for issue, and noted the following reportable event.

Subsequent to year-end, the Organization formally received loan forgiveness in the amount of \$71,700, for the funds it received under the Paycheck Protection Program (“PPP”).