

EISNERAMPER

**BIG BROTHERS BIG SISTERS
INDEPENDENCE REGION**

FINANCIAL STATEMENTS

**DECEMBER 31, 2020 AND 2019
(with supplementary information)**



BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Brothers Big Sisters Independence Region

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters Independence Region (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 Organization'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 Organization'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 on the previous page present fairly, in all material respects, the financial position of Big Brothers Big Sisters Independence Region as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information**Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The nonaccounting information shown on the schedule of outcomes on pages 18 and 19, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The nonaccounting information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



EISNERAMPER LLP
Philadelphia, Pennsylvania
June 14, 2021

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LLP

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,640,741	\$ 1,032,977
Contributions, pledges and grants receivable, net	1,629,935	1,994,006
Investments	1,846,064	1,889,574
Prepaid expenses	109,009	84,125
Total current assets	<u>5,225,749</u>	<u>5,000,682</u>
Property and equipment:		
Land	10,000	10,000
Building and leasehold improvements	304,843	304,843
Furniture, fixtures and equipment	235,528	235,528
	<u>550,371</u>	<u>550,371</u>
Less accumulated depreciation	442,936	385,051
Net property and equipment	<u>107,435</u>	<u>165,320</u>
Other assets:		
Contributions, pledges and grants receivable, net	-	441,406
Deposits and other assets	13,287	13,287
Escrow, unemployment fund	6,436	-
Total other assets	<u>19,723</u>	<u>454,693</u>
	<u>\$ 5,352,907</u>	<u>\$ 5,620,695</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 405,317	\$ 244,449
Deferred rent	56,838	74,514
Total liabilities	<u>462,155</u>	<u>318,963</u>
Commitments		
NET ASSETS		
Without donor restrictions	3,744,236	3,606,412
With donor restrictions	1,146,516	1,695,320
Total net assets	<u>4,890,752</u>	<u>5,301,732</u>
	<u>\$ 5,352,907</u>	<u>\$ 5,620,695</u>

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Statement of Activities and Changes in Net Assets Year Ended December 31, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Operating revenues and support:			
Government funding	\$ 1,279,896	\$ 737,100	\$ 2,016,996
Foundations, corporate and other support	1,943,414	599,800	2,543,214
Contributions	987,952	200,000	1,187,952
Special events, net of direct benefit to donors of \$195,761	268,884	-	268,884
In-kind contribution	8,814	-	8,814
Net assets released from restrictions	<u>2,085,704</u>	<u>(2,085,704)</u>	<u>-</u>
	<u>6,574,664</u>	<u>(548,804)</u>	<u>6,025,860</u>
Operating expenses:			
Program services:			
Mentoring services	4,114,582	-	4,114,582
Mentor Independence Region	270,891	-	270,891
Supporting services:			
Management and general	1,792,147	-	1,792,147
Fundraising	<u>391,750</u>	<u>-</u>	<u>391,750</u>
	<u>6,569,370</u>	<u>-</u>	<u>6,569,370</u>
Decrease in net assets from operations	5,294	(548,804)	(543,510)
Nonoperating activities:			
Net investment income	<u>132,530</u>	<u>-</u>	<u>132,530</u>
Change in net assets	137,824	(548,804)	(410,980)
Net assets at beginning of year	<u>3,606,412</u>	<u>1,695,320</u>	<u>5,301,732</u>
Net assets at end of year	<u>\$ 3,744,236</u>	<u>\$ 1,146,516</u>	<u>\$ 4,890,752</u>

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Statement of Activities and Changes in Net Assets Year Ended December 31, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Operating revenues and support:			
Government funding	\$ 1,302,320	\$ -	\$ 1,302,320
Foundations, corporate and other support	1,763,075	1,558,389	3,321,464
Contributions	865,318	120,000	985,318
Special events, net of direct benefit to donors of \$845,887	515,139	-	515,139
In-kind contribution	39,149	-	39,149
Net assets released from restrictions	<u>1,066,376</u>	<u>(1,066,376)</u>	<u>-</u>
	<u>5,551,377</u>	<u>612,013</u>	<u>6,163,390</u>
Operating expenses:			
Program services:			
Mentoring services	4,221,612	-	4,221,612
Mentor Independence Region	185,753	-	185,753
Supporting services:			
Management and general	1,048,701	-	1,048,701
Fundraising	<u>851,592</u>	<u>-</u>	<u>851,592</u>
	<u>6,307,658</u>	<u>-</u>	<u>6,307,658</u>
Increase (decrease) in net assets from operations	(756,281)	612,013	(144,268)
Nonoperating activities:			
Net investment income	<u>408,683</u>	<u>-</u>	<u>408,683</u>
Change in net assets	(347,598)	612,013	264,415
Net assets at beginning of year	<u>3,954,010</u>	<u>1,083,307</u>	<u>5,037,317</u>
Net assets at end of year	<u>\$ 3,606,412</u>	<u>\$ 1,695,320</u>	<u>\$ 5,301,732</u>

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Statements of Functional Expenses

	Year Ended December 31,									
	2020					2019				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Mentoring Services	Mentor Independence Region	Management and General	Fundraising	Total Expenses	Mentoring Services	Mentor Independence Region	Management and General	Fundraising	Total Expenses
Employee related expenses	\$ 3,106,035	\$ 178,405	\$ 833,764	\$ 275,056	\$ 4,393,260	\$ 2,988,240	\$ 139,783	\$ 426,952	\$ 490,720	\$ 4,045,695
Professional fees	317,269	58,064	719,553	20,148	1,115,034	287,894	13,290	518,382	145,943	965,509
Facilities expenses	353,284	20,292	94,833	31,285	499,694	391,153	18,297	55,887	64,234	529,571
Equipment and office expenses	132,188	7,593	35,484	11,706	186,971	151,285	5,404	16,605	18,970	192,264
Travel, conferences and meetings	15,589	1,627	5,160	2,914	25,290	76,654	4,808	8,213	12,277	101,952
Insurance	54,890	3,153	14,728	4,861	77,632	41,013	1,918	5,860	6,735	55,526
Marketing and fund development	-	-	-	43,071	43,071	-	-	1,921	104,804	106,725
Program and recruitment activities	90,121	-	-	-	90,121	237,211	-	-	-	237,211
Depreciation	45,206	1,757	8,212	2,709	57,884	48,162	2,253	6,881	7,909	65,205
Bad debt expense	-	-	80,413	-	80,413	-	-	8,000	-	8,000
Total expense included in expense section on the statements of activities and changes in net assets	<u>4,114,582</u>	<u>270,891</u>	<u>1,792,147</u>	<u>391,750</u>	<u>6,569,370</u>	<u>4,221,612</u>	<u>185,753</u>	<u>1,048,701</u>	<u>851,592</u>	<u>6,307,658</u>
Plus expenses included with revenue on the statements of activities and changes in net assets:										
Special events-cost of direct benefit to donors:										
Food and beverages	-	-	-	15,172	15,172	13,295	-	-	172,089	185,384
Event production	-	-	-	122,946	122,946	-	-	-	367,068	367,068
Noncash prizes	-	-	-	345	345	-	-	-	-	-
Facility costs	-	-	-	53,618	53,618	3,128	-	-	160,560	163,688
Other costs of direct benefit to donors	-	-	-	3,680	3,680	-	-	-	129,747	129,747
Total special events-cost of direct benefit to donors	-	-	-	195,761	195,761	16,423	-	-	829,464	845,887
Total expenses	<u>\$ 4,114,582</u>	<u>\$ 270,891</u>	<u>\$ 1,792,147</u>	<u>\$ 587,511</u>	<u>\$ 6,765,131</u>	<u>\$ 4,238,035</u>	<u>\$ 185,753</u>	<u>\$ 1,048,701</u>	<u>\$ 1,681,056</u>	<u>\$ 7,153,545</u>

See notes to financial statements

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (410,980)	\$ 264,415
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	57,884	65,205
Bad debt	80,413	8,000
Realized and unrealized gain on investments	(89,439)	(339,496)
Donated securities	(55,661)	(29,043)
Proceeds from sale of donated securities	56,532	-
(Increase) decrease in assets:		
Contributions, pledges, and grants receivable	725,064	(310,731)
Prepaid expenses	(24,884)	11,795
Deposits and other assets	-	(2,651)
Escrow, unemployment fund	(6,436)	20,808
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	160,869	73,950
Deferred revenue	-	(30,000)
Deferred rent	(17,676)	(12,159)
Net cash provided by (used in) operating activities	<u>475,686</u>	<u>(279,907)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(16,616)
Proceeds from sale of investments	865,301	309,886
Purchase of investments	<u>(733,223)</u>	<u>(58,660)</u>
Net cash provided by investing activities	<u>132,078</u>	<u>234,610</u>
Change in cash and cash equivalents	607,764	(45,297)
Cash and cash equivalents at beginning of year	<u>1,032,977</u>	<u>1,078,274</u>
Cash and cash equivalents at end of year	<u>\$ 1,640,741</u>	<u>\$ 1,032,977</u>
Supplemental disclosure of noncash investing activities:		
Write-off of fully depreciated assets	<u>\$ -</u>	<u>\$ 95,866</u>

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - ORGANIZATION

Big Brothers Big Sisters Independence Region (the "Organization") is an organization serving children in Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania and Burlington, Camden and Gloucester counties in New Jersey. The Organization provides children facing adversity with strong and enduring professionally supported one-to-one mentoring relationships that change their lives for the better, forever. In addition, the Mentoring Independence Region program is designed to expand the mentoring field's regional capacity by helping other youth mentoring programs improve their practices.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

[2] Classification of net assets:

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

[3] Cash and cash equivalents:

Cash and cash equivalents include all cash balances and highly liquid investments with initial maturities of three months or less. The Organization places its temporary cash investments with high credit quality financial institutions. At times, such funds may be in excess of the Federal Deposit Insurance Corporation insurance limit. Management believes that it is not exposed to any significant credit risks on its cash accounts.

[4] Contributions, pledges and grants receivable:

Contributions receivable include individual, corporate and foundation amounts. The Organization records promises to give at the estimated present value of the future cash flows, net of an allowance for doubtful accounts. The allowance is based on prior years' experience and management's analysis of specific promises made, collectability and historical trends in collection. All contributions are available for unrestricted use unless specifically restricted by the donor.

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are reported at their fair values in the statements of financial position. Investment income included in the statements of activities and changes in net assets consists of earned interest and dividends and realized and unrealized gains and losses, net of investment management fees. At the Board's discretion, funds may be transferred from the investment accounts to be used for general operating expenses and/or for budgeted program expenses. The Organization transferred \$0- and \$300,000 of the investment balance during the years ended December 31, 2020 and 2019, respectively.

[6] Property and equipment and depreciation:

Property and equipment are stated at cost less accumulated depreciation. Renewals and betterments costing \$2,500 or more are added to the property accounts while ordinary maintenance and repairs are expensed currently. Upon sale or retirement of an asset, the cost and related accumulated depreciation are removed from the accounts and the resultant gain or loss, if any, is included in the statements of activities and changes in net assets. Donated equipment is capitalized at its approximate fair value as of the date of the donation.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, ranging from three to thirty-nine years. Depreciation for the years ended December 31, 2020 and 2019 was \$57,884 and \$65,205, respectively.

Management evaluates the recoverability of long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2020 and 2019, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Paycheck Protection Program:

There are two acceptable methods for accounting for Paycheck Protection Program ("PPP") proceeds received under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). Entities can elect to treat the PPP proceeds received as a loan or as a conditional contribution. The Organization has elected to account for the PPP proceeds as a conditional contribution under Accounting Standards Codification ("ASC") 958-605. The agreement includes provisions for forgiveness based on measurable performance barriers related to staffing and salary levels and qualifying expenditures. Any amounts not forgiven will be required to be repaid. PPP funds will be recognized as government funding as the conditions on which they depend are substantially met. The Organization was notified on May 10, 2021 that the PPP proceeds and any accrued interest was fully forgiven.

[8] Revenue recognition - contributions:

Funding for the Organization's activities is achieved almost entirely through government funding, foundation, corporate, and other support, contributions, and in-kind contributions, including unconditional promises to give. These donations provide funding to be used to support the mission of the Organization. As the donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to the Organization. Some contributions require that funds be expended for a specific purpose, and are considered to be net assets with donor restrictions.

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Revenue recognition – contributions: (continued)

The Organization recognizes unconditional 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.

The Organization recognizes revenue from special events at the time of admission. The recognition of revenue is conditional on the event taking place. As of December 31, 2020 and 2019, there were no conditional contributions associated with special events.

A portion of the grants the Organization receives are cost reimbursement government grants. These grants provide funding to be used for purposes indicated in the grant agreements. As the government is not receiving a benefit as a result of these transactions, the grants are considered to be contributions to the Organization. The grant agreements contain specific service requirements. As these stipulations create a barrier that must be achieved, and any amounts not expended must be returned, government grants are considered to be conditional contributions until such time as the barriers are overcome. Contributions from these grant agreements are therefore recognized as revenue when costs are incurred and specific service requirements are met, as required by the agreements. Until the financial information required by the funding sources is accepted, costs billed for program services under cost reimbursement contracts are subject to review and possible disallowance. In management's opinion, the potential for material disallowances is remote and, therefore, is not a barrier that would prevent the recognition of revenue. The Organization received no funds in advance of service requirements being met as of either December 31, 2020 or 2019. Conditional amounts of \$710,655 and \$666,616 were not yet recognized on government grants in progress as of December 31, 2020 or 2019, respectively.

On April 13, 2020, the Organization received proceeds from the U.S. Small Business Administration (the "SBA") as part of the PPP in the amount of \$737,100. The funding is conditional based on the Organization using the funds to cover qualified expenditures while maintaining certain employment levels. Contributions from this agreement are therefore recognized as revenue when qualifying costs are incurred and conditions have been substantially met, as required by the agreement. For the year ended December 31, 2020, \$737,100 of the grant was used for qualified expenditures, including payroll related expenditures, and thus was recognized as government funding revenue on the statement of activities and changes in net assets. Subsequent to year-end, the Organization received notification that the entire \$737,100 of PPP proceeds was forgiven by the SBA.

[9] Functional expenses:

Directly identifiable expenses are charged to program services, management and general and fundraising. Certain employee related expenses are charged directly to different functions based on the employees' actual functions performed. Certain professional fees and travel, conferences and meetings expenses are charged directly to different functions based on the specific function benefited. The remaining expenses related to more than one function are allocated among the functions benefited based on an estimated level of employee effort expended for each function.

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Use of estimates:

The preparation of financial statements in conformity with U.S. 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.

[11] In-kind contributions:

Included in operating revenues and support for the year ended December 31, 2020 is \$8,814 of in-kind contributions. The contributions were for donations of tickets for Match activities. Included in operating revenues and support for the year ended December 31, 2019 is \$342,599 of in-kind contributions. The contribution included \$39,149 of donations of tickets for Match activities and \$303,450 of in-kind donations related to annual special event fundraisers. In-kind contributions related to annual special event fundraising are included in special events, net of direct benefit to donors. Approximately 0% and 36% of total special event costs were funded through in-kind contributions during 2020 and 2019, respectively. Approximately 0% and 83% of event production costs (the majority of which supported the Fashion Touchdown event) were funded through in-kind contributions in 2020 and 2019, respectively.

[12] Income taxes:

The Internal Revenue Service has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of management and general expenses. There were no income tax related interest and penalties recorded for either of the years ended December 31, 2020 or 2019.

[13] Upcoming accounting pronouncement:

In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The ASU's core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statement of financial condition and disclosing key information. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021, with early adoption permitted. Management is evaluating the effect that this new guidance will have on its financial statements and related disclosures.

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31, 2020 and 2019:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Current financial assets:		
Cash and cash equivalents	\$ 1,640,741	\$ 1,032,977
Current contributions, pledges and grants receivable, net	1,629,935	1,994,006
Investments	<u>1,846,064</u>	<u>1,889,574</u>
 Total current financial assets	 <u>5,116,740</u>	 <u>4,916,557</u>
 Less amounts not available to be used within one year:		
Net assets with donor restrictions subject to expenditures for specified purposes	 22,958	 22,958
Funds to be held in perpetuity	<u>35,950</u>	<u>35,950</u>
	 <u>58,908</u>	 <u>58,908</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 5,057,832</u>	 <u>\$ 4,857,649</u>

General expenditures include program services expenses, general and administrative expenses, and fundraising expenses expected to be paid in the subsequent year. As of December 31, 2020 and 2019, net assets with donor restrictions were \$1,146,516 and \$1,695,320, respectively, of which all is available to be used for program services within one year except for funds to be held in perpetuity and net assets to be expended for scholarship purposes. The remaining net assets with donor restrictions are to be used for mentoring and monitoring services which relate to the Organization's overall mission and are expected to be expended within a year.

The Organization's total investments consist of operating investments available for general expenditures.

As part of the Organization's liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in Note G, the Organization also has a committed line-of-credit in the amount of \$500,000 as of both December 31, 2020 and 2019, of which, as of December 31, 2020 and 2019, \$460,000 and \$400,000 could be drawn upon in the event of an unanticipated liquidity need, respectively.

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE D - CONTRIBUTIONS, PLEDGES AND GRANTS RECEIVABLE

Contributions, pledges and grants receivable, which are receivable in more than one year, are discounted at a risk-free rate of return appropriate for the expected term of the promise to give, and approximate the net present value of the estimated future cash flows. In determining fair value, the Organization considers the creditworthiness of the donors, the Organization's past collection experience and its procedures to collect promises to give.

Contributions, pledges and grants receivable as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 1,644,685	\$ 2,008,556
One year to five years	-	453,000
	<u>1,644,685</u>	<u>2,461,556</u>
Total receivables	1,644,685	2,461,556
Less total discounts to net present value	-	11,594
Less allowance for uncollectible receivables	<u>14,750</u>	<u>14,550</u>
Total net receivables	<u>\$ 1,629,935</u>	<u>\$ 2,435,412</u>

Pledges which are receivable in more than one year are discounted at rates ranging from 1.75% to 2%.

NOTE E - INVESTMENTS

Investments consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investments:		
Mutual funds:		
Equity funds	\$ 537,688	\$ 684,036
Bond funds	314,040	285,240
Exchange-traded funds	<u>994,336</u>	<u>920,298</u>
	<u>\$ 1,846,064</u>	<u>\$ 1,889,574</u>

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE F - FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various approaches, including market, income and/or cost approaches. The Organization uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy and the Organization's related classification of investments are described below:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following is a description of the valuation methodology used for assets measured at fair value, which has not changed from that used as of December 31, 2020 or 2019.

Mutual funds – Valued at the net asset value of shares held by the Organization at year-end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level, the Organization's investment assets at fair value, within the fair value hierarchy, as of December 31, 2020 and 2019:

	Investment Assets at Fair Value as of			
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond funds	\$ 314,040	\$ -	\$ -	\$ 314,040
Equity funds	537,688	-	-	537,688
Exchange-traded funds	994,336	-	-	994,336
Total investment assets at fair value	<u>\$ 1,846,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846,064</u>

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE F - FAIR VALUE MEASUREMENTS (CONTINUED)

	Investment Assets at Fair Value as of			
	December 31, 2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Bond funds	\$ 285,240	\$ -	\$ -	\$ 285,240
Equity funds	684,036	-	-	684,036
Exchange-traded funds	920,298	-	-	920,298
Total investment assets at fair value	<u>\$1,889,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,889,574</u>

Changes in fair value levels:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2020 and 2019, there were no transfers into or out of Levels 1, 2 or 3.

NOTE G - LINE-OF-CREDIT

The Organization has a \$500,000 line-of-credit to finance operations, which had a maximum borrowing availability of \$400,000, which was net of a \$100,000 letter-of-credit in favor of the Organization's landlord as of December 31, 2019. During September 2020, the line-of-credit agreement was amended to reduce the letter-of-credit to \$40,000; thus, the maximum borrowing availability to the Organization is \$460,000 as of December 31, 2020. The line-of-credit bears interest at the bank's prime rate (prime was 3.25% and 4.75% as of December 31, 2020 and 2019, respectively). Pursuant to the agreement, the Organization must maintain an average deposit and operating balance of \$250,000. There was no outstanding balance on this line-of-credit as of December 31, 2020 or 2019. The line-of-credit automatically renews each year at the bank's discretion. This obligation is secured by substantially all assets of the Organization.

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to passage of time:		
Promises to give that are not restricted by donors	<u>\$ 7,903</u>	<u>\$ 7,903</u>
Subject to expenditures for specified purpose:		
Mentoring services	22,958	166,761
Promises to give, the proceeds from which have been restricted by donors for:		
Mentoring services	1,063,038	1,468,039
Mentor Independence Region	<u>16,667</u>	<u>16,667</u>
	<u>1,102,663</u>	<u>1,651,467</u>
Perpetual in nature:		
Funds from merger	<u>35,950</u>	<u>35,950</u>
	<u><u>\$ 1,146,516</u></u>	<u><u>\$ 1,695,320</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions	<u>\$ -</u>	<u>\$ 8,000</u>
Satisfaction of purpose restrictions:		
Mentoring services	1,331,937	1,050,043
Mentor Independence Region	16,667	8,333
Qualified expenses within a covered period related to PPP	<u>737,100</u>	<u>-</u>
	<u>2,085,704</u>	<u>1,058,376</u>
	<u><u>\$ 2,085,704</u></u>	<u><u>\$ 1,066,376</u></u>

BIG BROTHERS BIG SISTERS INDEPENDENCE REGION

Notes to Financial Statements December 31, 2020 and 2019

NOTE I - LEASE OBLIGATIONS

The Organization leases its facilities and equipment under operating leases with various terms expiring through October 2024. Payments range from approximately \$300 per month to approximately \$23,000 per month over the terms of the leases. Rental expense for the years ended December 31, 2020 and 2019 was \$351,975 and \$367,816, respectively. Scheduled future minimum lease payments for leases with terms in excess of one year as of December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 320,472
2022	299,572
2023	54,632
2024	<u>2,650</u>
	<u>\$ 677,326</u>

The Organization has obtained a bank letter-of-credit in the amount of \$40,000 in support of a lease for office space. This letter-of-credit expires in June 2021 and is in favor of the Organization's landlord.

NOTE J - RETIREMENT PLAN

The Organization has a 403(b) defined-contribution retirement plan that covers all eligible employees. Employees may contribute to a voluntary tax-deferred annuity program up to the amount allowed by the Code. The Organization contributed \$16,056 and \$13,654 in matching contributions for the years ended December 31, 2020 and 2019, respectively.

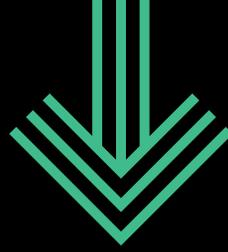
NOTE K - CONTINGENCIES AND OTHER UNCERTAINTIES

While it is not possible at this time to estimate the impact that COVID-19 could have on the Organization, the continued spread of COVID-19 and the preventative measures taken by federal, state, and local authorities, including school systems, could disrupt the Organization's ability to maintain services and adversely impact the Organization's financial condition or program services. The Organization has transitioned to virtual delivery of services; however, a prolonged inability to support in-person meetings of matches, whether through limitations imposed by governmental authorities or schools and businesses, could decrease the number of children served and could impact the Organization's ability to meet the requirements of certain grants, or develop and renew grants. Independent of the Organization's ability to deliver services, the impact of COVID-19 on fundraising capacity is also highly uncertain. Prolonged limitations on mass gatherings as a result of the COVID-19 pandemic could negatively impact fundraising through traditional special events and a prolonged widespread economic downturn may impact the financial capacity of the Organization's various funders to invest in programming activities.

NOTE L - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 14, 2021, which is the date the financial statements were available to be issued.

On April 30, 2021, the Organization was approved for and received a second draw of PPP proceeds in the amount of \$809,082 pursuant to the terms in the CARES Act PPP.



OUR 2020 IMPACT

OUR VISION

All youth achieve their full potential.

OUR MISSION

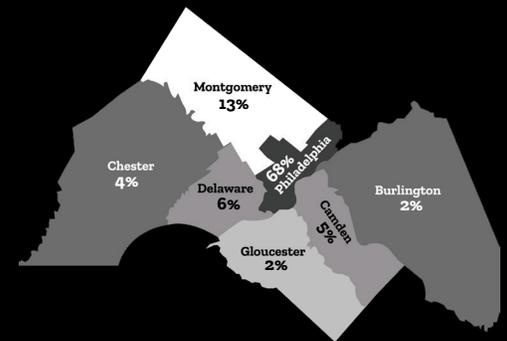
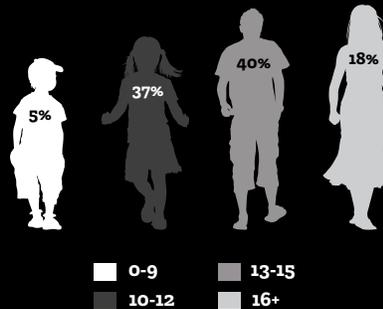
To create and support one-to-one mentoring relationships that ignite the power and promise of youth, while working collaboratively to strengthen the quality of the mentoring field and close the mentoring gap.

YOUTH SERVED

2,186

898
MALE

1,285
FEMALE



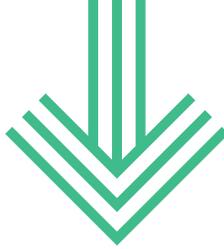
MENTORS MAKE A DIFFERENCE

Last year, of youth in our program for 12 months or more...

- 94%** improved or maintained their expectations about finishing high school and attending college
- 93%** reduced or avoided an increase of negative behaviors in school
- 92%** reduced or avoided participating in new bullying behaviors
- 90%** of youth increased or maintained their social competency skills
- 89%** improved or maintained their academic performance

VOLUNTEERS

Changing the course of just one life can have a significant positive impact on the community. Big Brothers Big Sisters Independence Region has approximately 760 children in our waiting pool, the majority being young boys. Consequently, there is a high demand for more male volunteers. We have a need for female volunteers willing to mentor girls living in targeted areas and involved in School-Based programs.



OUR PROGRAMS

Community-Based

Volunteers are matched one-to-one with a young person in the community. The volunteer mentor ("Big Brother" or "Big Sister") agrees to meet with the child ("Little Brother" or "Little Sister") 2-4 hours, 2-4 times per month, for a minimum of 12 months. Mentoring matches spend time in the community doing fun and interactive activities together, working toward personal achievement and positive character building.

School-Based

During the calendar school year, volunteers spend 2-4 hours a month during the school day with a child who benefit from guidance, support and assistance. Volunteers can enjoy activities such as helping youth with homework, sharing conversations, setting goals, and/or bonding over lunch. Within School-based mentoring there are several unique programs:

College Bigs: Open to students from La Salle University, Saint Joseph's University, Temple University and University of Pennsylvania to serve as mentors for children in partnering local schools.

Corporate Bigs: Open to working professionals in Center City, Philadelphia who may volunteer to mentor youth at Independence Charter School or Russell Byers Charter School.

Beyond School Walls: Corporations host a mentoring program where youth are transported to its corporate headquarters every other week. Youth in this program are mentored in the workplace environment and offered an opportunity to learn about the corporate world and careers of their volunteer mentors.

Mentor 2.0: A technology based program, where youth from local high schools correspond with college-educated mentors online during weekly college and career readiness classes to learn about self-advocacy, critical thinking, and goal setting. Mentoring matches also attend monthly events at the school to further enhance the curriculum as well as their relationships.

LGBTQ+ Gender & Sexuality Alliances: A program designed to support and offer mentors to LGBTQ+ youth who face disproportionate risks compared to their straight and cis gender counterparts. BBBS Independence provides safe and accessible mentors to high school Gender and Sexuality Alliances to help augment this critical safe space for queer youth. In this program mentors do work in group settings to support the youth.

Apply for any program at www.independencebigs.org/be-a-big

MENTOR INDEPENDENCE REGION



MENTOR IR

As an affiliated organization of BBBS Independence, MENTOR Independence Region was launched in 2015 to expand the mentoring field's regional capacity to reach more youth by offering services to help other nonprofits, organizations, and individuals improve their mentoring practices. Collaboration and cooperation with the more than 300 mentoring programs serving youth in the region is critical to ensuring all youth have access to high quality mentors and high quality mentoring programs.

Trainings are also available for corporations seeking to improve their workplace mentoring programs, with an emphasis on managing cross-cultural differences.

For more information, visit www.mentorir.org or contact Abigail Ellis, Executive Director, at aellis@mentorir.org or 215.701.8108.

Services Offered

- Training & Technical Assistance
- Quality Mentoring Assessment
- Stakeholder Engagement
- Legislative Advocacy
- Data Collection & Analytics