

**BIG BROTHERS BIG SISTERS
OF GREATER CINCINNATI, INC.**

FINANCIAL STATEMENTS

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

**BIG BROTHERS BIG SISTERS
OF GREATER CINCINNATI, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

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**BIG BROTHERS BIG SISTERS
OF GREATER CINCINNATI, INC.**

**BOARD OF DIRECTORS AND
MANAGEMENT STAFF
For the Year Ended December, 2020**

Board of Directors

Board Chair

Jim Rolfes

Chair Emeritus

John Atkinson

Vice Chair

Mike Bruggeman

Treasurer

Mike Bruggeman

Secretary

Jeff McPeek

Rich Brandenburg

Corey Drushal

Christina Groth

Keith Jackson

John Mangan

Anthony Roberts

David Spaccarelli

John Stacey

Brett DeCurtins

Jessica Esterkamp

Ann Horgan

Carrie Little

Joseph Pinnell

Michael Rodarte

Shane Spears

Ira Thomsen

Joy Whinery

Management Staff

President & CEO

Kathleen P. List

Independent Auditor's Report

**The Board of Directors
Big Brothers Big Sisters of Greater Cincinnati, Inc.
Cincinnati, Ohio**

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of Greater Cincinnati, Inc. which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Big Brothers Big Sisters of Greater Cincinnati, Inc. as of December 31, 2020 and 2019, and the changes in its net position, functional expenses, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Implementation of New FASB Accounting Standard

As discussed in Note 18 to the financial statements, effective January 1, 2020 Big Brother Big Sisters of Greater Cincinnati, Inc. adopted Financial Accounting Standards Board Accounting Standards Updates 2014-09 *Revenue From Contracts with Customers* (Topic 606) and 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Our opinions are not modified with respect to these matters.

Van Gorder, Walker & Co., Inc.

Van Gorder, Walker, & Co., Inc.

Erlanger, Kentucky
February 8, 2021

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. STATEMENTS OF FINANCIAL POSITION December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,108,119	\$ 558,094
Investments	577,039	544,731
Total Current Assets	<u>1,685,158</u>	<u>1,102,825</u>
Other Assets		
Property and equipment, net	160,636	160,636
Accumulation depreciation	(160,636)	(160,636)
Total Other Assets	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,685,158</u>	<u>\$ 1,102,825</u>
Liabilities and Net Assets		
Other Non-Current Liability	<u>\$ 156,728</u>	<u>\$ 109,983</u>
Net Assets		
With donor restrictions	-	-
Without donor restrictions	1,528,430	992,842
Total Net Assets	<u>1,528,430</u>	<u>992,842</u>
Total Liabilities and Net Assets	<u>\$ 1,685,158</u>	<u>\$ 1,102,825</u>

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

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019
Revenues and Support				
United Way	\$ 271,285	\$ -	\$ 271,285	\$ 312,669
Contributions	571,963	-	571,963	385,259
Foundations, grants, and trusts	658,502	287,845	946,347	466,158
Special events	456,886	-	456,886	659,469
Investment income (loss)	32,308	-	32,308	63,123
Total Revenues and Gains	<u>1,990,944</u>	<u>287,845</u>	<u>2,278,789</u>	<u>1,886,678</u>
 Net assets released from restrictions				
Satisfaction of program restrictions	287,845	(287,845)	-	-
Total Net Assets Released from Restrictions	<u>287,845</u>	<u>(287,845)</u>	<u>-</u>	<u>-</u>
 Total Revenues, and Other Support	<u>2,278,789</u>	<u>-</u>	<u>2,278,789</u>	<u>1,886,678</u>
 Expenses				
Program services	1,457,364	-	1,457,364	1,500,115
Management and general	126,662	-	126,662	160,376
Fund raising	159,175	-	159,175	246,743
Total Expenses	<u>1,743,201</u>	<u>-</u>	<u>1,743,201</u>	<u>1,907,234</u>
 Change in Net Assets	535,588	-	535,588	(20,556)
 Net Assets, Beginning of Year	<u>992,842</u>	<u>-</u>	<u>992,842</u>	<u>1,013,398</u>
 Net Assets, End of Year	<u>\$ 1,528,430</u>	<u>\$ -</u>	<u>\$ 1,528,430</u>	<u>\$ 992,842</u>

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

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2020

	<u>Program Services</u>	<u>Support Services</u>		
	<u>Supportive Guidance</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 996,878	\$ 89,030	\$ 61,438	\$ 1,147,346
Benefits	198,470	17,580	27,993	244,043
Total Salaries and Related Expenses	<u>1,195,348</u>	<u>106,610</u>	<u>89,431</u>	<u>1,391,389</u>
Activites	1,740	-	-	1,740
Advertising	6,996	-	22,663	29,659
Dues	34,753	300	-	35,053
Conferences	-	-	-	-
Insurance	36,836	3,278	-	40,114
Marketing and promotions	20,000	-	50	20,050
Miscellaneous	19,958	1,502	2,354	23,814
Postage	3,328	-	390	3,718
Printing	4,679	-	1,480	6,159
Professional fees and purchased services	13,489	6,600	39,455	59,544
Occupancy	62,311	4,690	-	67,001
Equipment	31,648	2,382	-	34,030
Staff education	482	-	-	482
Supplies	3,759	283	2,905	6,947
Telephone	13,515	1,017	-	14,532
Travel	8,522	-	447	8,969
Subtotal Before Depreciation	<u>1,457,364</u>	<u>126,662</u>	<u>159,175</u>	<u>1,743,201</u>
Depreciation	-	-	-	-
Total Functional Expenses	<u>\$ 1,457,364</u>	<u>\$ 126,662</u>	<u>\$ 159,175</u>	<u>\$ 1,743,201</u>

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

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Support Services</u>		
	<u>Supportive Guidance</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 1,051,578	\$ 87,108	\$ 52,116	\$ 1,190,802
Benefits	145,814	53,357	9,932	209,103
Total Salaries and Related Expenses	<u>1,197,392</u>	<u>140,465</u>	<u>62,048</u>	<u>1,399,905</u>
Activites	4,529	-	-	4,529
Advertising	149	-	12	161
Dues	28,422	300	-	28,722
Conferences	7,467	1,557	-	9,024
Insurance	33,503	3,279	-	36,782
Marketing and promotions	17,230	-	26,820	44,050
Miscellaneous	26,422	1,685	3,369	31,476
Postage	2,111	-	581	2,692
Printing	17,526	-	9,974	27,500
Professional fees and purchased services	10,384	4,950	139,743	155,077
Occupancy	62,981	4,020	-	67,001
Equipment	37,535	2,395	-	39,930
Staff education	1,670	-	-	1,670
Supplies	10,440	666	1,541	12,647
Telephone	15,336	978	-	16,314
Travel	25,707	-	2,428	28,135
Subtotal Before Depreciation	<u>1,498,804</u>	<u>160,295</u>	<u>246,516</u>	<u>1,905,615</u>
Depreciation	1,311	81	227	1,619
Total Functional Expenses	<u>\$ 1,500,115</u>	<u>\$ 160,376</u>	<u>\$ 246,743</u>	<u>\$ 1,907,234</u>

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

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 535,588	\$ (20,556)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	1,619
Net investment return	(32,308)	(63,123)
Increase (decrease) liabilities:		
Other liabilities	46,745	48,385
Net Change in Cash from Operating Activities	<u>550,025</u>	<u>(33,675)</u>
Net Change in Cash and Cash Equivalents	550,025	(33,675)
Cash and Cash Equivalents, Beginning of Year	<u>558,094</u>	<u>591,769</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,108,119</u></u>	<u><u>\$ 558,094</u></u>

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

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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NOTE 1 – NATURE OF ACTIVITIES

Big Brothers Big Sisters of Greater Cincinnati, Inc. (the Organization) is incorporated in the state of Ohio as a charitable organization and maintains tax exempt status under Internal Revenue Code Section 501 (c)(3).

The purpose of the Organization is (a) to recruit and organize mature, responsible men and women to interest themselves individually in the welfare of boys and girls whose proper development has been hindered or endangered, (b) to take a direct personal interest in the boys and girls and to employ methods which will promote their physical, mental, and moral development and thus make them better citizens, and (c) to bring together a man and a boy or a woman and a girl, after a thorough study of each case has been made by a qualified professional staff member.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes to the financial statements are representations of the Organization's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Support is recognized when earned, whether received or not, and expenses are recognized when incurred, whether paid or not.

Comprehensive Income

Comprehensive Income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) refers to revenues, expenses, gains and losses that are not included in net income, but rather are recorded directly in net assets. For years ended December 31, 2020 and 2019, the Organization had no items of other comprehensive income (loss), and accordingly, comprehensive income is the same as net income.

Financial Statement Presentation

Under Statement of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-45-4 (formerly SFAS No. 117) the Organization is required to present a complete set of financial statements. Net assets are required to be presented in two separate classes, as follows: net assets without donor restrictions and net assets with donor restrictions.

FASB ASC 958-225 provides specific guidance for the statement of activities. The statement reports the support, expenses, gains and losses that affect the Organization's net assets.

FASB ASC 958-230 provides specific guidance for the statement of cash flows. The statement addresses whether certain transactions are operating, investing, or financial activities.

The statement of functional expenses shows, in a matrix format, how the natural expense classifications are allocated to significant program and supporting services. Salaries and related expenses are charged to program services based on the estimated time spent by personnel on the related programs. Direct expenses are charged to the program based on costs incurred when specifically identifiable with a program. All other expenses are allocated to program services based upon budgeted amounts as allowed by the funding agency.

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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Support and Expenses

The Organization derives a portion of its support from the Community Chest and Council of the Cincinnati Area, Inc. (the United Way). The support received from the United Way is reported as unrestricted support.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization 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, or if they are designated as support for future periods. 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 restriction and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods 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 any explicit donor stipulations about how long those "long lived" assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Advertising

Advertising costs are expensed as incurred for both direct-response and non-direct-response types of advertising.

Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of support and expenses. Actual results could differ from the estimates and assumptions used, and those differences could be material.

Cash and Cash Equivalents

Cash and Cash Equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is restricted by board designation or other arrangements under trust agreements. At year-end and throughout the year, the Organization's cash balances were deposited in several financial institutions. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents. During 2020 and 2019 the Organization had no specific requirements to hold cash in separate accounts. The balance of donor restricted contributions was \$0 and \$0 at December 31, 2020 and 2019, respectively, was restricted to uses mandated by the donor.

For purposes of the Statements of Cash Flows the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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Investments

The Organization's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are 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. Unrealized gains and losses are included in investment income and reported on the statement of activities and changes in net assets. Investment income and gains restricted by a donor are reported as an increase in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Fair Value Measurements

The fair value measurements authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1, Level 2, and Level 3. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Level 1 Fair Value Measurements

Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Assets utilizing Level 1 inputs include exchange-traded equity securities and closed end funds that are actively traded. The Organization has only Level 1 investments at December 31, 2020 and 2019.

Level 2 Fair Value Measurements

Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Organization has no Level 2 investments at December 31, 2020 and 2019.

Level 3 Fair Value Measurements

Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable input may be developed by outside third parties using marketing models based on information available to them. Unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing. Unobservable input shall be developed based on the best information available in circumstances, which might include the reporting entity's own data. The Organization has no Level 3 investments at December 31, 2020 and 2019.

Property and Equipment

Purchased items are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The depreciation is computed on the straight-line method based on estimated useful lives of 3 to 20 years on leasehold improvements, departmental

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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equipment, transportation equipment and office furniture and fixtures.

Net Assets

Resources are classified into two net asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories, as applied to the Organization is as follows:

- 1) Net assets without donor restrictions:
 - Include the assets and liabilities associated with the principal mission of the Organization, including its net property and equipment. Board designated net assets can be an internally tracked subset of this category. This includes net assets which the board has determined should be invested for future needs of the Organization.
- 2) Net assets with donor restrictions:
 - Include grants and contributions for which donor restrictions have not yet been met.

Donated Materials

Donated materials are reflected in the accompanying financial statements at their estimated value of the date of receipt.

Contributed Services

No amounts have been reflected in the financial statements for contributed services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in achieving its mission, but these services do not meet the criteria for recognition as contributed services.

Compensated Absences

The Organization requires vacation time must be used within the year it is earned. Sick time accrues at the rate of one day per month with a maximum of 90 days to accrue. In the event of retirement, termination, or resignation the Organization does not pay for unused sick time. Compensated absences are not accrued due to the ongoing time and expense involved to reasonably estimate. It is further believed that sick time used is offset by salaries and fringe benefits that are included in the Organization's annual operating budget.

Tax Status

The Organization is a non-profit corporation as described in Section 501 (c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code.

The Organization's form 990, Return of Organization Exempt from Income Tax, is timely filed on an annual basis. Accounting principles generally accepting in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability for any uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The Organization is subject to routine income tax examinations by tax authorities; however, there are currently no audits for any tax periods in progress. Management believes the Organization has no uncertain tax positions and is no longer subject to income tax examinations for tax years prior to 2016.

Public Support – Grants and other contributions of cash and other assets are reported as *net assets with donor restrictions* if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, such *net assets with donor restrictions* are reclassified to *net assets without donor restrictions* and reported in the statement of activities as net assets released by satisfaction of restrictions. Gifts are considered to be available for unrestricted use or designation by the governing board unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt.

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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Functional Allocation of Expenses – The costs of providing the various program services have been summarized on a functional basis in the statements of functional expenses. Expenses directly attributable to a particular program service are allocated directly to that program. Compensation and related expenses are allocated among programs and supporting services based upon actual time incurred by the employees. Occupancy and related expenses are allocated based upon estimated space used in the Organization for that program or service.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include only unrestricted amounts at December 31, 2020 and 2019.

NOTE 4 – INVESTMENTS

Investments are held in one account for investment management purposes. Investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value as Level 1 inputs, Level 2, and Level 3 inputs. The Organization's investments' fair value measurements are as follows at December 31, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds:				
Stock funds	\$ 291,049	\$ 291,049	\$ -	\$ -
Bond funds	182,509	182,509	-	-
Total mutual funds	473,558	473,558	-	-
Exchange traded funds:				
Equity	49,362	49,362	-	-
Subtotal funds	522,920	522,920	-	-
Cash and cash				
Government cash reserves	54,119	54,119	-	-
Total investments	\$ 577,039	\$ 577,039	\$ -	\$ -

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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The Organization's investments' fair value measurements are as follows at December 31, 2019:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds:				
Stock funds	\$ 301,685	\$ 301,685	\$ -	\$ -
Bond funds	119,434	119,434	-	-
Total mutual funds	421,119	421,119	-	-
Exchange traded funds:				
Fixed income	59,893	59,893	-	-
Subtotal funds	481,012	481,012	-	-
Cash and cash				
Government cash reserves	63,719	63,719	-	-
Total investments	\$ 544,731	\$ 544,731	\$ -	\$ -

The Organization's management does not believe that the portfolio of investments contains any undue concentration of risk.

NOTE 5 – PROPERTY AND EQUIPMENT

The following property and equipment balances existed at December 31, 2020 and 2019, respectively:

Asset	December 31,			December 31,
	2019	Additions	Deletions	2020
Computer Equipment	\$ 23,436	\$ -	\$ -	\$ 23,436
Furniture & fixtures	137,201	-	-	137,201
Subtotal	160,637	-	-	160,637
Less: accumulated depreciation	(160,637)	-	-	(160,637)
Net fixed assets	\$ -	\$ -	\$ -	\$ -

Depreciation expense for the years ended December 31, 2020 and 2019 was \$0 and \$1,619, respectively.

NOTE 6 – ADVERTISING, MARKETING AND PROMOTION

Advertising, marketing and promotion expense for 2020 and 2019 was \$49,709 and \$44,211, respectively. There were no advertising barter transactions during 2020 and 2019.

NOTE 7 – IN-KIND CONTRIBUTIONS

In accordance with Statement of Financial Accounting Standards No. 116 (FAS-116), *Accounting for Contributions Received and Contributions Made*, the Organization recognizes contributions of "Other Assets", as defined in FAS-116, as public support and revenue in the period received and as assets or expenses depending on the form of the benefit received. Contributions received are measured at their fair values and are reported based upon donor-imposed restrictions. Contributions of services shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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criteria shall not be recognized. The Organization recognized no in-kind contributions for the years ended December 31, 2020 and 2019.

NOTE 8 – TRANSACTIONS WITH UNITED WAY

In addition to providing funding to the Organization, the United Way charges the Organization for various services such as office supplies, mail handling, parking space, printing, office space, and meeting space. The United Way also provides various financial services through its Agency Financial Services program on a contractual basis. The total cost of these services for the years ended December 31, 2020 and 2019 was \$77,624 and \$77,807, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization receives loans and funding, from time to time, from the Big Brothers and Big Sisters Foundation of Greater Cincinnati, Inc. (the "Foundation"). The Foundation is a separate legal entity with a board of directors and management team independent of the Organization. The Foundation's mission is to provide funding for the educational, recreational and/or medical needs of children who participate in the program services of Big Brothers Big Sisters of Greater Cincinnati, Inc. The organization received \$45,000 and \$55,000 in grants from the Foundation during 2020 and 2019, respectively.

The Organization's investment account, as detailed in *NOTE 4 – INVESTMENTS* above, is held in a separate investment account from the Foundation. An investment committee oversees the Foundation's investment account and regularly monitors its performance, costs, and allocations. The fair value of this Foundation's investments as of December 31, 2020 and 2019 was \$487,901 and \$495,029, respectively.

NOTE 10 – INVESTMENT INCOME

The components of the Organizations investment income for the years ended December 31, 2020 and 2019 are as follows:

Investment Income	2020	2019
Interest	\$ -	\$ -
Dividends	8,026	12,103
Realized gain (loss)	1,616	2,332
Unrealized gain (loss)	25,318	51,368
Gross investment income (loss)	34,960	65,803
Less: fees	(2,652)	(2,680)
Net investment income (loss)	\$ 32,308	\$ 63,123

NOTE 11 – OPERATING LEASE COMMITMENT

As of December 31, 2008, the Organization has entered into a one-year non-cancelable operating lease for its office facility requiring rent of \$30,375 annually. The lease grants the Organization the right to renew for multiple additional one-year terms with built in increases in the rent expense. Rent expense for 2020 and 2019 was \$67,001 and \$67,001, respectively.

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

During 2020 and 2019, the Organization had the following net assets and associated donor restrictions:

Restricted Use	2020	2019
None	\$ -	\$ -
Total net assets with donor restrictions	\$ -	\$ -

NOTE 13 – CONTRIBUTED SERVICES

The Organization had 149,110 and 165,116 hours of donated services by volunteers in the years ended December 31, 2020 and 2019, respectively.

NOTE 14 – SPECIAL EVENTS

Special events revenue for the year ended December 31, 2020 was \$456,887; related special events expenses were \$69,744 for the same period for a 15.3% expense to revenue ratio. Special events revenue for the year ended December 31, 2019 was \$659,469; related special events expenses were \$184,468 for the same period for a 28.0% expense to revenue ratio.

NOTE 15 – CONCENTRATION IN REVENUE

The Organization is supported primarily through 1) the United Way, 2) contributions, 3) foundations, grants, and trusts, and 4) special events. Approximately 12% and 17% of the Organization’s support for the years ended December 31, 2020 and 2019 respectively, came from allocations from the United Way. The loss or reduction of this funding significantly impacts the operation of the Organization. For fiscal year 2021, the Organization has been notified by the United Way that funding will be remain consistent with 2020 levels.

NOTE 16 – CONCENTRATION OF CREDIT RISK

The cash and cash equivalents balances are held at two large regional banks whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the Organization had balances of \$858,120 and \$308,094, respectively, in excess of FDIC insured limit. The Organization maintains its cash with a high-quality financial institution which the Organizations believes limits these risks.

NOTE 17 – LIQUIDITY RISK

The Organization manages its cash liquidity risk by maintaining adequate cash reserves as well as a significant, highly liquid cash-equivalent investment portfolio on which to draw, if necessary. The Organization normally maintains approximately six-seven months of operating expenses in cash, cash equivalents, and highly liquid investments. However, during this time of uncertainty due to the continuing COVID-19 pandemic, Organization management is making an effort to increase amounts held to 12 months of operating expenses held in cash, cash equivalents, and highly liquid investments. The amount held at December 31, 2020 is just short of 12 months of operating expenses at the current rate of spending during the pandemic.

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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The Organization has the following net assets available for use within one year:

Liquidity Analysis	2020	2019
Financial assets, at year end	\$ 1,685,158	\$ 1,102,825
Less: assets unavailable for general expenditure within one year due to:		
Donor restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year:	\$ 1,685,158	\$ 1,102,825

NOTE 18 – IMPLEMENTATION OF NEW FASB ACCOUNTING STANDARD

Effective January 1, 2020 the Organization adopted the requirements of Accounting Standards Update 2014-09 *Revenue From Contracts with Customers* (Topic 606) and Accounting Standards Update 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

Topic 606, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has adjusted the presentation in these financial statements accordingly.

Topic 958 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements.

The Organization adopted the requirements of this new guidance utilizing the modified retrospective method of transition. However, the adoption of this new guidance did not result in the Organization changing its policies for recognizing revenue and thus no cumulative adjustment to the Organization’s net assets as of January 1, 2020 was required. The amounts reported in the financial statements for 2020 are the same amounts that would have been reported under the former guidance. The Organization did apply the new guidance using the practical expedient provided in Topics 606 and 958 that allows the guidance to be applied only to contracts and contributions that were not complete as of January 1, 2020. The effects of applying the practical expedient were not significant to the financial statements.

NOTE 19 – FUTURE CHANGES IN ACCOUNTING STANDARDS

ASU 2016-02 – Leases (Topic 842) – This standard eliminates “operating leases” and requires entities to recognize, on the balance sheet, both a “right of use” asset that is amortized over the lease term and a lease liability, initially measured at the present value of the future lease payments. The Organization will apply this standard beginning on January 1, 2021.

BIG BROTHERS BIG SISTERS OF GREATER CINCINNATI, INC. NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019
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NOTE 20 – COVID-19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. The Organization's Management and Board are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

The primary effects on the Organization from the COVID-19 Global Pandemic were:

- A significant decrease in the Organization's investment account value in March of 2020. The investment account has fully recovered its' market value as of the date of these financial statements.
- Program activities were moved to virtual platforms.
- Staff work was moved to remote worksites.
- Fundraising events were cancelled, however, 100% of the donations (\$176,691) were approved by donors, in writing, to be used towards program services.
- The 2021 budget has been passed with additional cash reserves being held to incorporate the potential effects of the pandemic on the Organization's financial condition.

NOTE 21 – PAYCHECK PROTECTION PROGRAM LOAN

In response to the COVID-19 Global Pandemic, the Organization applied for and received a \$235,600 Federal Small Business Administration *Paycheck Protection Program* loan from a local bank. The loan program specified that these proceeds be used for payroll costs, rent, and utilities during the pandemic. As of December 31, 2020, the loan has been fully forgiven as the qualifications were met and the loan amount was recognized as a restricted grant on the income statement.

NOTE 22 – SUBSEQUENT EVENTS

The Organization's management has evaluated events through February 8, 2021, the date on which the financial statements were available for issue. The Organization has no events subsequent to December 31, 2020, but before the report date of February 8, 2021, to disclose.