

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**December 31, 2021**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Big Brothers Big Sisters of Northern Nevada, Inc.

### Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Northern Nevada, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Northern Nevada, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on attest basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of Northern Nevada, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of Northern Nevada, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

## **Report on Summarized Comparative Information**

We have previously audited the Big Brothers Big Sisters of Northern Nevada, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stull & Associates, LLC*

Carson City, Nevada  
September 9, 2022

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021**

*(With summarized financial information for the year ended December 31, 2020)*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,343,268	\$ 301,188
Grants receivable	72,664	18,004
Pledge receivable, net	23,459	31,216
Prepaid expenses	5,001	2,892
Investments	561,561	392,886
<b>Total Current Assets</b>	<u>2,005,953</u>	<u>746,186</u>
Long-term Assets		
Equipment and furniture, net	43,893	70,546
Pledges receivable, net	36,019	53,304
Investments	400,000	400,000
	<u>479,912</u>	<u>523,850</u>
<b>Total Assets</b>	<u>\$ 2,485,865</u>	<u>\$ 1,270,036</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 8,034	\$ 6,197
Credit card payable	5,040	4,066
Deferred revenue	-	-
Accrued expenses	35,902	23,529
<b>Total Current Liabilities</b>	<u>48,976</u>	<u>33,792</u>
Net Assets		
Net assets without donor restrictions	2,435,389	1,183,644
Net assets with donor restrictions	1,500	52,600
	<u>2,436,889</u>	<u>1,236,244</u>
	<u>\$ 2,485,865</u>	<u>\$ 1,270,036</u>

See Accompanying Notes and Independent Auditors' Report

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2021**

*(With summarized financial information for the year ended December 31, 2020)*

	2021		Total	2020
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		
Revenue, Gains, Losses and Other Support				
Contributions	\$ 382,389	\$ 3,000	\$ 385,389	\$ 330,513
Foundation & Corporate donations	293,470		293,470	254,164
Third party events	80,391		80,391	15,817
Grants	600,631		600,631	190,247
Special events	655,163		655,163	198,485
Donation center	-		-	-
Investment return	128,869		128,869	46,527
In Kind donations	-		-	-
Miscellaneous Income	7,809		7,809	173,762
Donations from Friends of BBBS	94,645		94,645	(97,456)
Recovery on uncollectible promises to give	3,300		3,300	5,700
Net assets released from restrictions satisfied by payments	54,100	(54,100)	-	-
<b>Total Revenue, Gains, Losses and Other Support</b>	<b>2,300,767</b>	<b>(51,100)</b>	<b>2,249,667</b>	<b>1,117,759</b>
Expenses				
Program services	655,033		655,033	664,950
Management and general	72,184		72,184	51,191
Fundraising	321,805		321,805	144,047
<b>Total Expenses</b>	<b>1,049,022</b>	<b>-</b>	<b>1,049,022</b>	<b>860,188</b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,251,745</b>	<b>(51,100)</b>	<b>1,200,645</b>	<b>257,571</b>
<b>Net Assets, Beginning of Period</b>	<b>1,183,644</b>	<b>52,600</b>	<b>1,236,244</b>	<b>978,673</b>
<b>Net Assets, End of Period</b>	<b>\$2,435,389</b>	<b>\$ 1,500</b>	<b>\$2,436,889</b>	<b>\$ 1,236,244</b>

See Accompanying Notes and Independent Auditors' Report

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2021**

*(With summarized financial information for the year ended December 31, 2020)*

	2021			2020	
	Program Services	Management and General	Fund Raising	Total	Total
Salaries and wages	\$407,294	\$ 15,860	\$ 114,225	\$ 537,379	\$529,867
Payroll taxes	46,649	3,937	9,090	59,676	54,113
Employee benefits	18,638	637	16,738	36,013	51,732
	<u>472,581</u>	<u>20,434</u>	<u>140,053</u>	<u>633,068</u>	<u>635,712</u>
Advertising	985	377	5,773	7,135	332
Annual dinner	-	-	115,435	115,435	7,962
Awards	138	207	-	345	-
Background checks	4,003	-	-	4,003	3,490
Bank fees	110	5,701	3,889	9,700	8,101
Conferences & meetings	-	-	-	-	-
Depreciation	69	33,321	-	33,390	7,894
Dues & subscriptions	12,716	865	427	14,008	3,629
Equipment	8,091	164	288	8,543	2,048
Golf tournament	-	-	32,713	32,713	29,052
Insurance	19,072	1,744	3,246	24,062	21,185
Membership expense	9,832	-	-	9,832	26,219
Miscellaneous	10,172	662	-	10,834	344
Occupancy	19,014	1,322	2,644	22,980	32,063
Over the Edge	-	-	-	-	-
Postage	36	-	1,478	1,514	665
Printing	-	-	-	-	723
Professional fees	23,571	1,818	3,302	28,691	37,902
Program expenses	3,323	3,746	10,813	17,882	17,872
Repairs & maintenance	-	-	-	-	-
Supplies	66,475	-	-	66,475	14,023
Telephone	4,542	435	689	5,666	10,508
Training	259	1,388	1,055	2,702	331
Travel	44	-	-	44	133
	<u>\$655,033</u>	<u>\$ 72,184</u>	<u>\$321,805</u>	<u>\$ 1,049,022</u>	<u>\$860,188</u>

See Accompanying Notes and Independent Auditors' Report

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2021**

*(With summarized financial information for the year ended December 31, 2020)*

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,200,645	\$ 257,571
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	33,390	7,894
(Gain) loss on investments	(123,105)	(17,585)
(Increase) decrease in:		
Pledges receivable	25,042	10,457
Grants receivable	(54,660)	20,030
Other receivable		
Prepaid expenses	(2,109)	(144)
(Decrease) increase in:		
Accounts payable	1,837	(19,278)
Credit card payable	974	2,217
Accrued liabilities	12,373	2,375
Deferred grant revenue	-	(14,500)
<b>Net Cash Provided by Operating Activities</b>	<u>1,094,387</u>	<u>249,037</u>
Cash Flows from Investment Activities		
Purchase of property and equipment	(6,736)	(59,632)
Proceeds from investments	138,255	42,121
Purchase of investments	<u>(183,826)</u>	<u>(19,379)</u>
<b>Net Cash Provided by Investing Activities</b>	<u>(52,307)</u>	<u>(36,890)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,042,080	212,147
Cash, Restricted Cash and Equivalents		
Beginning of Period	<u>301,188</u>	<u>89,041</u>
Cash, Restricted Cash and Equivalents		
End of period	<u>\$ 1,343,268</u>	<u>\$ 301,188</u>

See Accompanying Notes and Independent Auditors' Report



**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Operations**

Big Brothers Big Sisters of Northern Nevada, Inc., (the Organization) was formed on April 21, 2005. The mission of the Organization is to help children, disadvantaged by poverty and fractured families, reach their potential. The Organization carries out this mission through professionally supported, one-to-one mentoring relationships with measurable impact on youth. The Organization serves the Reno, Carson City, Minden, and Gardnerville areas of Northern Nevada.

**B. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting; whereby, income is recognized when earned and costs and expenses are recognized when the obligations are incurred. Accordingly, all significant receivables, payables, and other liabilities are reflected.

**C. Basis of Presentation**

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. Net assets with donor restrictions represent assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Prior-Year Comparative Information**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**E. Cash, Restricted Cash and Equivalents**

Cash and cash equivalents include both unrestricted and restricted cash. The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2021, there were no cash equivalents.

**F. Tax Status**

The Organization is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no liability for federal income taxes has been provided in the financial statements. It is the Organization's tax position that it has not engaged in activities that would jeopardize its exempt status nor has it engaged in activities that would result in unrelated business income tax. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the tax years ended 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

**G. Donated Assets**

Donated property, marketable securities, and other non-cash donations are recorded as contributions at their estimated date of donation.

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Investments and Investment Return**

Investments are carried at fair value based on current market quotes. Investment return includes interest and dividends and is classified as an unrestricted net asset.

**J. Revenue Recognition**

The Organization recognizes contributions when cash, securities and 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. Donations designed for remittance to specific organizations or agencies are excluded from contribution revenue, except for a service charge, and accounted for as agency transactions and obligations. When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose 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, unless the donor restriction is met within the same accounting period. In this case, the contribution is recorded as an increase in net assets without donor restrictions.

As required under Statement of Financial Accounting Standards, FASB ASC 958-605-30-2, *Accounting for Contributions Received and Contributions Made*, all contributions are recognized as support in the Statement of Activities in the period received, including bequests and unconditional pledges receivable, at their estimated net realizable value, discounted to present value if due in more than one year. Uncollectible pledges receivable, if any, are charged as a reduction of revenue in the Statement of Activities. Bequests are recognized at the time the Organization's right to them is established by a court and to the extent the value of the proceeds is subject to reasonable estimation.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost reimbursable grants of \$31,447 that have not been recognized at December 31, 2021 because qualifying expenditures have not yet been incurred.

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Revenue Recognition (Continued)**

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

**K. Contributed Services**

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

A substantial number of unpaid volunteers have made significant contributions of time to assist the Organization's services and programs. No amounts have been included in the financial statements for these donated services since they do not meet the criteria for recognition under FASB ASC 958-605-25-2 and FASB ASC 958-605-30-2, *Accounting for Contributions Received and Contributions Made*.

**L. Promises to Give (Pledges Receivable)**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The discounts on those amounts are computed using risk-free interest rates applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**M. Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Fixed asset acquisitions in excess of \$500 are capitalized and depreciation is provided using both straight-line and accelerated methods over the estimated useful lives of the assets. The depreciation expense on assets acquired under capital leases is included with the depreciation expense on owned assets. Depreciation expense for the year ended December 31, 2021, was \$33,390.

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses and Statement of Activities. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis. All other costs are direct costs allocated to the function affected.

**O. Concentrations of Credit Risk**

The Organization maintains funds at financial institutions located in Northern Nevada. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021, the uninsured balances were \$826,627.

The Organization is supported in part by the public. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. The Organization operates in the Northern Nevada area. Future operations could be affected by changes in the economic or other conditions in that geographical area.

**P. Advertising Expense**

Advertising costs are for the solicitation of volunteers and are expensed as incurred. Total advertising expense for the year ended December 31, 2021, was \$7,135.

**Q. Subsequent Events**

Subsequent events have been evaluated through September 9, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Reclassifications**

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or total net assets.

**2. EMPLOYEE BENEFIT PLAN**

The Organization has a Section 403(b) retirement plan covering all employees who are at least twenty-one years of age and have one year of service. Employer contributions are up to 3.0% of participant compensation and totaled \$1,437 for the year ended December 31, 2021.

**3. PROPERTY AND EQUIPMENT**

At December 31, 2021, property and equipment consisted of:

Equipment, furniture and fixtures	\$	69,447
Vehicles		59,632
Computer equipment		47,439
Less: accumulated depreciation		<u>(134,248)</u>
	\$	<u>42,270</u>

**4. ACCRUED EXPENSES**

Accrued vacation	\$	35,902
Accrued payroll		<u>0</u>
	\$	<u>35,902</u>

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**5. OPERATING LEASES**

The Organization leases its administrative office, program office, and equipment under both month to month and non-cancelable operating lease agreements expiring at various dates through 2025. The Donation Center, a separate non-profit organization, Friends of Big Brothers Big Sisters (FOBBBS), reimburses the Organization for the costs of leasing a portion of the office space. Total office lease expense incurred for the year ended December 31, 2021, after reimbursements in the amount of \$3,210 by FOBBBS, was \$22,980. The lease expense for equipment incurred for the year ended December 31, 2021, after FOBBBS reimbursements, was \$1,887.

The following is a schedule of future minimum rental payments required under the office and equipment leases:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	\$ 19,967
2023	6,467
2024	1,967
2025 & Later	<u>819</u>
	<u>\$ 29,220</u>

**6. RELATED PARTY TRANSACTIONS**

Transactions involving related parties cannot be presumed to be carried out on an arm's length basis. Except for routine transactions, it is generally not possible to determine whether a particular transaction would have taken place if the parties had not been related or, assuming it would have taken place, what the terms and manner of settlement would have been.

The Organization is related to Friends of Big Brothers Big Sisters (FOBBBS), a separate not-for-profit organization that collects donations on behalf of the Organization. In addition to the operating lease reimbursements detailed in Note 5 above, payroll costs for FOBBBS are advanced by the Organization and subsequently reimbursed by FOBBBS. For the year ended December 31, 2021, the total amounts advanced and reimbursed for payroll, employee benefits and related taxes totaled \$102,108.

The Organization pays for other operating costs of Friends of Big Brothers Big Sisters, for which it is reimbursed. Those costs after payroll and leasing costs totaled \$31,830 for the year ended December 31, 2021.

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**6. RELATED PARTY TRANSACTIONS (CONTINUED)**

The reimbursement revenue and corresponding expenses were eliminated in the accompanying statement of activities and are not included in the statement of functional expenses. The net income recognized after all reimbursements for the year ended December 31, 2021 was \$94,645, as is recorded as Donations from Friends of BBBS in the statement of activities

**7. INVESTMENTS**

The Organization's investments are comprised of certificates of deposit, mutual funds, and corporate bonds and are recorded at fair value. At December 31, 2021, the summary information is:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 0	\$ 0
Mutual funds	290,065	379,477
Stocks and bonds	<u>384,882</u>	<u>582,084</u>
	\$ <u>674,947</u>	\$ <u>961,561</u>
Designated for:		
Current operations		561,561
Future operations		<u>400,000</u>
		\$ <u>961,561</u>

The following schedule summarizes investment income for the year ended December 31, 2021:

	<u>Designated for Current Operations</u>	<u>Designated for Future Operations</u>	<u>Total</u>
Interest and dividends	\$ 28,796	\$ 13,904	\$ 42,700
Gain on investment	<u>58,104</u>	<u>28,065</u>	<u>86,169</u>
	\$ <u>86,900</u>	\$ <u>41,969</u>	\$ <u>128,859</u>



**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**8. FAIR VALUE MEASUREMENTS**

The Fair Value Measurement topics of the FASB Codification establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy 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 under the FASB Codification topic are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access;
- Level 2: Inputs to the valuation methodology include quoted prices, which are not active quoted prices for similar assets or liabilities. In active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially, the full term of the asset or liability;
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth by level, within the hierarchy, the Organization's assets at fair value as of December 31, 2021.

	<u>Level 1</u>
Mutual funds	
Bond funds	\$ 58,623
Multi-asset funds	280,874
Equity funds	73,758
Stocks and bonds	
Index funds	62,181
EFT funds	<u>317,450</u>
	<u>\$ 792,886</u>

**9. BOARD DESIGNATED FUNDS**

At December 31, 2021, the Board designated funds are restricted for the following purposes:

Future operations	\$ <u>400,000</u>
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**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**10. RESTRICTED CASH AND LIQUIDITY**

At December 31, 2021, \$1,500 of the balance in the operating cash was restricted as to use by the donor.

At December 31, 2021, the Organization has \$2,377,493 in financial assets, consisting of cash of \$1,343,268, investments of \$961,561 and grants receivable of \$72,664. These assets less those subject to donor restrictions of \$1,500 are available to meet the cash needs of the Organization in the next 12 months. As noted above, the Board has designated \$400,000 of the financial assets for future operations, however, if those amounts were required to fund current operations, they are available to do so.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from the revenue received each month.

**11. PLEDGES RECEIVABLE**

The Organization conducts an annual fundraising campaign for general operating funds entitled Big Magic Pledges. Promises to give to be received after one year are discounted based on the year promised at the five-year T-Bill rate of 0.36%.

Pledges receivable to give are summarized below:

Receivable in less than one year	\$	27,559
Less: allowance for uncollectible pledges		<u>(4,100)</u>
Total current pledges receivable	\$	<u>23,459</u>
Receivable in one to five years	\$	41,233
Less: discount to net present value		<u>(1,114)</u>
		40,119
Less: allowance for uncollectible pledges		<u>(4,100)</u>
Total long-term pledges receivable	\$	<u>36,019</u>

During the year ended December 31, 2021, no uncollectible pledges receivable were written off.

**Big Brothers Big Sisters of Northern Nevada, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**12. GRANT REVENUE**

During the year ended December 31, 2021, the Organization obtained a Paycheck Protection Program Loan from the Small Business Administration in the amount of \$156,002. Forgiveness of this loan was applied for and obtained subsequent to year end. As such, the Organization has elected to record the forgiveness of the debt as contribution income pursuant to FASB ASC 958-605.

During the year ended December 31, 2021, the Organization applied for and received Employee Retention Credits totaling \$262,681. These amounts are included in Grant Revenue in the statement of activities.

**13. ADOPTION OF ACCOUNTING PRONOUNCEMENTS**

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization has also adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue or contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue and contributions have been enhanced in accordance with the standards.