

**BIG BROTHERS BIG SISTERS
OF SOUTHWESTERN ILLINOIS**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Big Brothers Big Sisters of Southwestern Illinois (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 then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers Big Sisters of Southwestern Illinois 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 the 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 Southwestern Illinois's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of Southwestern Illinois'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 Southwestern Illinois'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.

Fick, Eggemeyer, & Williamson

Fick, Eggemeyer, & Williamson, CPAs
Saint Louis, Missouri
March 14, 2022

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 230,054
Prepaid expenses	<u>4,329</u>
Total current assets	<u>234,383</u>
NONCURRENT ASSETS	
Property and equipment, net of accumulated depreciation	<u>397,801</u>
Total noncurrent assets	<u>397,801</u>
Total assets	<u><u>\$ 632,184</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
None	<u>-</u>
Total current liabilities	<u>-</u>
NONCURRENT LIABILITIES	
None	<u>-</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>-</u>
NET ASSETS	
Without donor restriction	632,184
With donor restriction	<u>-</u>
Total net assets	<u>632,184</u>
Total liabilities and net assets	<u><u>\$ 632,184</u></u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 113,351	\$ -	\$ 113,351
Grants	154,097	-	154,097
Debt forgiveness	147,212	-	147,212
Special events	169,729	-	169,729
Sponsorships	6,667	-	6,667
Raffles	275,200	-	275,200
Rent	12,000	-	12,000
Total support and revenue	878,256	-	878,256
Net assets released from restrictions			
Satisfaction of restrictions	-	-	-
Total	878,256	-	878,256
EXPENSES			
Program	392,169	-	392,169
Total program expenses	392,169	-	392,169
Support expenses			
General and administration	77,846	-	77,846
Fundraising	268,774	-	268,774
Total support expenses	346,620	-	346,620
Total expenses	738,789	-	738,789
Changes in net assets from operations	139,467	-	139,467
INVESTMENT ACTIVITIES			
Interest income	34	-	34
Total investment activities	34	-	34
Changes in net assets	139,501	-	139,501
Net assets - beginning of year	492,683	-	492,683
Net assets - end of year	\$ 632,184	\$ -	\$ 632,184

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	General and Administration	Fundraising	Total
Salaries	\$ 251,494	\$ 37,436	\$ 64,508	\$ 353,438
Benefits and taxes	42,795	6,381	10,995	60,171
Contractors	7,098	1,252	2,087	10,437
Insurance	3,156	166	-	3,322
Office	14,222	4,063	2,032	20,317
Program	10,945	-	-	10,945
Professional fees	4,668	-	-	4,668
Dues	18,041	-	-	18,041
Special events	-	-	20,691	20,691
Raffles	-	-	149,168	149,168
Volunteer recruitment	18,784	-	-	18,784
Utilities	12,375	688	688	13,751
Meetings	450	-	-	450
Travel	878	-	-	878
Depreciation	-	16,512	-	16,512
General fundraising	-	-	18,605	18,605
Professional development	-	11,348	-	11,348
Building maintenance	7,263	-	-	7,263
Total	<u>\$ 392,169</u>	<u>\$ 77,846</u>	<u>\$ 268,774</u>	<u>\$ 738,789</u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 139,501
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Debt forgiveness - Paycheck Protection Program	(147,212)
Depreciation	16,512
Changes in assets and liabilities:	
(Increase) decrease in prepaid expenses	(1)
Increase (decrease) in accounts payable	<u>(12,352)</u>
Net cash provided by (used in) operating activities	<u>(3,552)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(8,958)
Net cash provided by (used in) investing activities	<u>(8,958)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from note payable	<u>75,512</u>
Net cash provided by (used in) financing activities	<u>75,512</u>
Net increase (decrease) in cash and cash equivalents	<u>63,002</u>
Cash and cash equivalents - beginning of year	<u>167,052</u>
Cash and cash equivalents - end of year	<u><u>\$ 230,054</u></u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

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

New Accounting Pronouncement

As of January 1, 2021, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), that replaces previously existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Adoption of ASU 2014-09 will have no impact on the previously reported financial statements.

Basis of Accounting

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

Basis of Presentation

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

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

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization currently has no net assets with donor restrictions.

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

Cash and Cash Equivalents

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

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated assets, at their estimated fair market value on the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over the useful lives of five to forty years. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation expense for the year ended December 31, 2021 was \$16,512.

Contributed Services

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

Contributions

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

Promises to Give

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

Income Taxes

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

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2010. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2021, no amounts have been recognized for uncertain tax positions. The Organization's tax returns for 2018 and prior are closed.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Measure of Operations

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

Use of Estimates in Financial Statements

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

Compensated Absences

Full-time employees of the Organization are entitled to paid time off. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Organization's policy is to recognize the costs of compensated absences when actually paid.

NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2021 follows:

Buildings and improvements	\$ 415,040
Equipment	<u>28,656</u>
Total depreciable property	443,696
Accumulated depreciation	<u>(45,895)</u>
Property and equipment, net	<u><u>\$ 397,801</u></u>

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - NOTE PAYABLE

In April 2020, the Organization received loan proceeds in the amount of \$71,700 under the Paycheck Protection Program (“PPP”). The PPP is administered by the Small Business Administration. The loan and accrued interest (1%) are forgivable after eight to twenty-four weeks as long as the Organization used the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. On February 10, 2021, the entire loan balance was forgiven and \$71,700 of revenue was recognized as debt forgiveness on the statement of activities. The balance as of December 31, 2021 was \$0.

In February 2021, the Organization received loan proceeds in the amount of \$75,512 under the Paycheck Protection Program (“PPP”). The PPP is administered by the Small Business Administration. The loan and accrued interest (1%) are forgivable after eight to twenty-four weeks as long as the Organization used the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. On October 22, 2021, the entire loan balance was forgiven and \$75,512 of revenue was recognized as debt forgiveness on the statement of activities. The balance as of December 31, 2021 was \$0.

NOTE 5 - LINE OF CREDIT

The Organization maintains a \$150,000 line of credit with First Mid Bank & Trust that matures on June 14, 2022. The line of credit carries an interest rate of 3.25%. As of December 31, 2021, the credit line balance was \$0.

NOTE 6 - AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2021:

Financial assets at year-end:

Cash and cash equivalents	\$ 230,054
Total financial assets at year-end	<u>230,054</u>

Less amounts not available for general expenditures to be used within on year:

Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	<u>-</u>
Total amounts not available to meet general expenditures within one year	<u>-</u>

Financial assets available to meet general expenditures within one year	<u><u>\$ 230,054</u></u>
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BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 - OPERATING LEASE AS LESSEE

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

For the years ending December 31,

2022	\$	1,608
2023		1,608
Total	\$	<u>3,216</u>

Lease payments associated with this lease were \$2,370 for the year ending December 31, 2021.

NOTE 8 - OPERATING LEASE AS LESSOR

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

For the years ending December 31,

2022	\$	2,000
Total	\$	<u>2,000</u>

Lease payments received associated with this lease were \$12,000 for the year ending December 31, 2021.

NOTE 9 - FUNDRAISING

The Organization hosts two raffle fundraisers per year to support its programs. The Organization emphasizes the significance of these fundraisers due to their high success rate and efficient use of staff resources. Expenses related to the Organization's raffles, including winning payouts, are recorded on a functional basis in the statement of activities and are allocated based on evaluation of related benefits. Such allocations are determined by management on an equitable basis.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 14, 2022, the date which the financial statements were available for issue, and noted the following reportable event.

On January 20, 2022, the Organization amended the operating agreement with The Ease Program to change the termination date of the lease described in Note 8 to February 14, 2025.