

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA  
INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

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**Jeanine J. Mays**

— Certified Public Accountant —

**INDEPENDENT AUDITOR'S REPORT**

To: The Board of Directors of  
Big Brothers Big Sisters of Northern Sierra

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Big Brothers Big Sisters of Northern Sierra (a non-profit organization) , which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Big Brothers Big Sisters of Northern Sierra as of December 31, 2019, 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.

Jeanine J. Mays  
August 20, 2020

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Statement of Financial Position**

**For the Year Ended December 31, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 44,001
Accounts receivable	36,247
Prepaid expenses	2,216
Prepaid rent	8,624

**TOTAL CURRENT ASSETS** **\$ 91,088**

**PROPERTY, At Cost**

Equipment	16,726
Furniture and fixtures	650
	<u>17,376</u>
Accumulated depreciation	<u>(17,376)</u> -

**OTHER ASSETS**

Long term deposits	<u>5,320</u>
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**TOTAL ASSETS** **\$ 96,408**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 9,290
Employee benefits payable	21,699
Sales tax payable	2,679
Deferred Revenue	5,000
Copier lease payable	1,568

**TOTAL CURRENT LIABILITIES** **\$ 40,236**

**TOTAL LIABILITIES** **40,236**

**NET ASSETS**

Without donor restrictions	<u>56,172</u>
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**TOTAL NET ASSETS** **56,172**

**TOTAL LIABILITIES AND NET ASSETS** **\$ 96,408**

**See accompanying notes.**

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Statement of Activity and Changes in Net Assets**

**For the Year Ended December 31, 2019**

	<b><u>Total</u></b>
PUBLIC SUPPORT AND REVENUE	
Public Support	
Direct public support	\$ 216,253
Grants	59,000
Excess Revenue over Expenses from Merger	30,133
Fund raising (net of expenses of \$71,218)	<u>151,667</u>
SUBTOTAL	<u>457,053</u>
Re-visions thrift shop support	108,555
Thrift shop direct costs	<u>73,295</u>
THRIFT STORE	<u>35,260</u>
TOTAL PUBLIC SUPPORT	<u>492,313</u>
Revenue	
Service income	160,016
Miscellaneous income	<u>3</u>
TOTAL REVENUE	<u>160,019</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>652,332</u>
EXPENSES	
Program services	477,999
Supporting services	87,352
Fund raising	<u>92,632</u>
TOTAL EXPENSES	<u>657,983</u>
CHANGE IN NET ASSETS	(5,651)
NET ASSETS WITHOUT DONOR RESTRICTIONS	
Beginning of year	<u>61,823</u>
End of year	<u>\$ 56,172</u>

See accompanying notes.

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Statement of Functional Expenses**

**For the Year Ended December 31, 2019**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 255,657	\$ 57,244	\$ 74,779	\$ 387,680
Payroll taxes	21,802	5,050	6,815	33,667
Employee benefits	29,856	5,702	2,457	38,015
<b>TOTAL SALARIES AND BENEFITS</b>	<b>307,315</b>	<b>67,996</b>	<b>84,051</b>	<b>459,362</b>
Advertising and promotion	9,760	129	40	9,929
Bank service charge	461		70	531
National dues and subscriptions	17,633	112		17,745
Insurance	10,377			10,377
Interest expense		384		384
License and filing fees	1,687	85	20	1,792
Mentor appreciation	2,571			2,571
Outside services	9,000	270	4,000	13,270
Postage	1,455	122	282	1,859
Printing and reproduction	3,861	1,718		5,579
Professional fees-accounting		6,230		6,230
Professional fees-other		5,000		5,000
Rent	38,210	3,443	3,040	44,693
Repairs and maintenance	3,452			3,452
Supplies	37,512	1,198	484	39,194
Taxes-property		126		126
Technology	2,609			2,609
Telephone	4,643			4,643
Training and education	6,819	44		6,863
Travel	5,576	495	645	6,716
Utilities	14,651			14,651
<b>TOTAL EXPENSE BEFORE DEPRECIATION</b>	<b>477,592</b>	<b>87,352</b>	<b>92,632</b>	<b>657,576</b>
Depreciation	407			407
<b>TOTAL EXPENSES</b>	<b>\$ 477,999</b>	<b>\$ 87,352</b>	<b>\$ 92,632</b>	<b>\$ 657,983</b>

See accompanying notes.

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Statement of Cash Flows**

**For the Year Ended December 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess revenue over expenses	\$ (5,651)
Adjustment to reconcile net income to net cash provided by operating activities	
Depreciation	407
Change in accounts receivable	2,161
Change in prepaid expenses	3,597
Change in employee benefits payable	2,966
Change in sales tax payable	797
Change in accounts payable	1,662
Change in deferred revenue	5,000
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,939
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CASH FLOWS FROM FINANCING ACTIVITIES	
Prepaid copier payments applied	(1,568)
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NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(1,568)
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NET CHANGE IN CASH	9,371
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CASH AT BEGINNING OF YEAR, January 1, 2019	34,630
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CASH AT END OF YEAR, December 31, 2019	\$ 44,001
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SUPPLEMENTAL INFORMATION	
Interest paid	\$ 384
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See accompanying notes.

# **BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

## **Notes to Financial Statements**

**December 31, 2019**

### 1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General Information:** Big Brothers Big Sisters of Northern Sierra is a non-profit organization serving El Dorado, Nevada and Placer Counties associated with the Big Brothers and Big Sisters of America Organization. The purpose is to organize mature and interested adults to create an interaction with youth and to become a positive influence in the development of the youth's life.

**Basis of Presentation:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions:* Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net asset are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net Assets With Donor Restrictions:* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-

**Use of Estimates:** The preparation of financial statements uses estimates rather than exact measures. The estimates commonly involve summarizations, judgments and allocations which are based on rules and conventions rather than exact amounts. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

**Functional Allocation of Expenses:** The costs of providing the Organization's programs have been summarized on a functional basis in these financial statements. Based on estimates developed by management, costs have been allocated to the various programs as they relate to those programs and activities. Many of management and general costs are allocated to programs, administrative and fundraising accordingly.

**Property and Equipment:** The organization follows the practice of capitalizing all expenditures over \$2,500 for land, building, and equipment; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

**Income Taxes:** The Big Brothers Big Sisters of Northern Sierra was incorporated in California on September 14, 1977. The Organization is a non-profit pursuant to a determination letter from the Internal Revenue Service in 1979 and is exempt from Federal income tax under the provisions of Code Section 501(c)(3) relating to organizations operated exclusively for charitable purposes.



**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Notes to Financial Statements**

**December 31, 2019**

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

**Income tax continued:** The Organization's returns are subject to examination by taxing authorities for three years for Federal and four years for State after they are filed and management believes that all of the positions would be sustained if examined.

**Accounts Receivable:** Accounts receivable are considered to be fully collectable. There is no allowance for doubtful accounts recorded on these financial statements. Contracts for services are billed monthly based on actual time spent. All are considered short term.

**Cash Equivalents:** For the purposes of the statement of cash flows, the Organization considers cash and unrestricted highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash received with donor imposed restrictions that are expected to be fulfilled within the next year are also considered cash equivalents.

**Deferred Revenue:** Deferred revenue represents amounts collected for grants which will apply to the following fiscal year. These amounts are recognized as revenues in the fiscal year in which the fees or grants relate to.

**Advertising Costs:** Advertising costs are expensed when incurred.

**Fair Value Measurement:** The Organization is required to measure its financial statement elements at Fair Value. Valuations techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- Level 1 inputs- quoted prices in active markets for identical assets
- Level 2 inputs- quoted prices in active or inactive markets for the same or similar assets.
- Level 3 inputs- estimates using best information available when there is little or not market.

The Organization is required to measure certain statement elements at fair value in accordance with generally accepted accounting principles. Those include cash equivalents, investments, receivables, accounts payable, accrued expense and notes payable. Management believes that the carrying values of those elements are not materially different from estimates of the corresponding fair values.

2.) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	<u>Amount</u>	<u>Interest</u>
Wells Fargo Checking	\$ 13,635	0.00%
Wells Fargo Savings	1,001	0.03%
ReVisions checking	20,228	0.00%
West America Checking	5,775	0.00%
West America Savings	500	0.00%
Tri Counties Bank	2,763	0.00%
Petty cash	99	0.00%
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CASH AND CASH EQUIVALENTS	<u>\$ 44,001</u>	

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Notes to Financial Statements**

**December 31, 2019**

3.) LIQUIDITY AND AVAILABILITY

The following reflects the organization's financial assets as the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2019</u>
Financial assets at year-end	\$ 96,408
Less those unavailable for general expenditures within one year due to:	
Long term rent deposit	<u>(5,320)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 91,088</u>

As a part of the organization's liquidity management, it holds cash in liquid checking and savings accounts.

4.) FIXED ASSETS AND DEPRECIATION

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office equipment	\$ 16,726	\$ -	\$ -	\$ 16,726
Furniture and fixtures	<u>650</u>	<u>-</u>	<u>-</u>	<u>650</u>
TOTAL FIXED ASSETS	<u>\$ 17,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,376</u>
Accumulated depreciation	<u>\$ 16,969</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ 17,376</u>

5.) ACCRUED EMPLOYEE BENEFITS

Vacation benefits up to two yearly accruals are paid to the employee when they are separated from service. Accumulated unpaid employee vacation benefits are recognized as a liability.

Sick leave pay does not vest and is not accrued. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

6.) DONATIONS

**Donated Materials:** Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. All contributions are considered to be unrestricted unless specifically restricted by the donor. Donated materials for special events are booked as special event income on the financial statements.

**Donated Services:** No amounts have been reflected in the statements for volunteer services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns.

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Notes to Financial Statements**

**December 31, 2019**

7.) LEASE EXPENSE

The Organization signed a 60 month lease agreement at a new location on April 2017 and ending April 1, 2022. This agreement is for five years with rents increasing each year.

The Organization entered into a lease for the location of the new retail operation called ReVisions. This is a two year lease ending November 30, 2022

The Organization leased a copier for \$231 per month for 63 months beginning Aug 1, 2018. The leasing company provided a cash incentive which is amortized over 30 months.

The future payments over the next five years are as follows:

	<u>Facilities</u>	<u>Copier</u>	<u>ReVisions Lease</u>	<u>Memo Total</u>
2020	\$ 51,567	\$ 2,772	\$ 41,630	\$ 95,969
2021	59,544	2,772	41,734	104,050
2022	15,378	2,541	39,305	57,224
2023	-	-	-	-
Balance	-	-	-	-
TOTAL	<u>\$126,489</u>	<u>\$ 8,085</u>	<u>\$ 122,669</u>	<u>\$257,243</u>

Rent expense for the year ended December 31, 2019 was \$44,693 and the equipment lease expense was \$1,834. The retail operation rent totaled to \$54,651.

The organization also rents a location in Grass Valley on a month to month basis. The rents charged are \$330 per month.

8.) REVENUE CONCENTRATION

The organization operates in El Dorado, Nevada and Placer Counties in California. The support and revenues received are from contracts, donations, fund raising and grants generally from within the state of California.

9.) THRIFT STORE REVENUE

Household goods are donated by the community to the organization for sale in its thrift store. It is impractical to value the donations at the time of receipt. These in-kind goods are sold through the thrift store during the year and have been recognized as revenue at the point of sale. This revenue is not subject to the unrelated business income tax as substantially all of the merchandise is received as a gift or contribution.

10.) CONTINGENT LIABILITY

The Organization has received funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursements would not be material.

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA**

**Notes to Financial Statements**

**December 31, 2019**

10.) CONTINGENT LIABILITY-CONTINUED

The Organization has a business line of credit for \$16,200. At year end \$35 of the line of credit was used.

12.) SUBSEQUENT EVENTS

The Organization was involved in a legal action with an employee and the final disposition of this matter was settled in 2020. In the opinion of management, the settlement will not have a material effect on the organization's financial position.

On March 11, 2020 the World Health Organization declared the outbreak of the Covid-19 a pandemic. As a result, economic uncertainties have arisen. Continued financial impact could occur though such potential impact is unknown at this time.

The Organization received a Payroll Protection loan (PPP loan) of \$110,300 to assist in the financial impact and keeping the employees working on the services provided by the organization. It is expected that this Small Business Association loan will be forgiven.

The management of the Organization have reviewed the results of operations for the period of time from its year end December 31, 2019 through August 20, 2020, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amount reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.