

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

**Independent Auditor's Report
And
Financial Statements**

December 31, 2022

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Big Brothers Big Sisters of Northern Sierra

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Northern Sierra (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities 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 Northern Sierra as of December 31, 2022, 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 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 Sierra 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 Northern Sierra's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, 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 Northern Sierra'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 Sierra'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.

Jaribu W. Nelson, CPA

Clovis, California
August 21, 2023

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS	
<i>CURRENT ASSETS</i>	
Cash and cash equivalents	\$ 62,997
Accounts receivable	84,932
Prepaid expenses and other	26,585
<i>TOTAL CURRENT ASSETS</i>	174,514
 <i>PROPERTY AND EQUIPMENT, AT COST</i>	
Building	369,062
Equipment	1,994
Furniture and fixtures	3,180
	374,236
Accumulated depreciation	(11,671)
	362,565
 <i>OTHER ASSETS</i>	
Long term deposits	4,820
<i>TOTAL OTHER ASSETS</i>	4,820
 TOTAL ASSETS	 541,899
 LIABILITIES AND NET ASSETS	
<i>CURRENT LIABILITIES</i>	
Employee benefits payable	29,800
Sales tax payable	4,087
Current portion of LTD	11,358
<i>TOTAL CURRENT LIABILITIES</i>	45,245
 <i>LONG-TERM LIABILITIES</i>	
Building loan	258,460
Less current portion of LTD	(11,358)
<i>TOTAL LONG-TERM LIABILITIES</i>	247,102
<i>TOTAL CURRENT AND LONG-TERM LIABILITIES</i>	292,347
 <i>NET ASSETS</i>	
Without donor restriction	239,552
With donor restriction	10,000
<i>TOTAL NET ASSETS</i>	249,552
 TOTAL LIABILITIES AND NET ASSETS	 \$ 541,899

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restriction	With Donor Restriction	Totals
PUBLIC SUPPORT AND REVENUE			
Public Support			
Direct public support	\$ 142,620	\$ -	\$ 142,620
Non-cash donations	621	-	621
Government grants	154,602	-	154,602
Grants	75,200	-	75,200
Fund raising	396,624	-	396,624
SUBTOTAL	<u>769,667</u>	<u>-</u>	<u>769,667</u>
Re-visions thrift store support	226,307	-	226,307
Thrift store direct costs	(95,939)	-	(95,939)
THRIFT STORE	<u>130,368</u>	<u>-</u>	<u>130,368</u>
TOTAL PUBLIC SUPPORT	<u>900,035</u>	<u>-</u>	<u>900,035</u>
Revenue			
Service income	168,622	-	168,622
Interest income	8	-	8
TOTAL REVENUE	<u>168,630</u>	<u>-</u>	<u>168,630</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,068,665</u>	<u>-</u>	<u>1,068,665</u>
EXPENSES			
Program services	780,762	-	780,762
Supporting services	153,065	-	153,065
Fundraising	143,554	-	143,554
TOTAL EXPENSES	<u>1,077,381</u>	<u>-</u>	<u>1,077,381</u>
CHANGE IN NET ASSETS	<u>(8,716)</u>	<u>-</u>	<u>(8,716)</u>
NET ASSETS,			
Beginning of year	<u>248,268</u>	<u>10,000</u>	<u>258,268</u>
NET ASSETS,			
End of year	<u>\$ 239,552</u>	<u>\$ 10,000</u>	<u>\$ 249,552</u>

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services	Fundraising	Total
Salaries	\$ 487,092	\$ 106,075	\$ -	\$ 593,167
Payroll taxes	43,459	10,442	-	53,901
Employee benefits	29,500	3,067	-	32,567
Total salaries and employee benefits	560,051	119,584	-	679,635
Advertising and promotion	27,844	-	-	27,844
Bank service charge	-	1,004	-	1,004
Fundraising	-	-	143,554	143,554
Insurance	13,263	200	-	13,463
Interest expense	12,130	1,027	-	13,157
Licensing and filing fees	2,362	217	-	2,579
Mentor appreciation	1,267	-	-	1,267
National dues and subscriptions	22,047	111	-	22,158
Outside services	-	21,967	-	21,967
Postage	1,745	316	-	2,061
Printing and reproduction	5,250	-	-	5,250
Professional fees	6,100	-	-	6,100
Rent	19,002	1,516	-	20,518
Repairs and maintenance	3,613	189	-	3,802
Supplies	51,115	1,612	-	52,727
Small equipment	4,878	574	-	5,452
Taxes-property	1,634	202	-	1,836
Technology	2,482	323	-	2,805
Telephone	7,041	915	-	7,956
Training and education	12,180	1,986	-	14,166
Travel	10,806	149	-	10,955
Utilities	7,836	586	-	8,422
TOTAL EXPENSE BEFORE DEPRECIATION	772,646	152,478	143,554	1,068,678
Depreciation	8,116	587	-	8,703
TOTAL EXPENSES	\$ 780,762	\$ 153,065	\$ 143,554	\$ 1,077,381

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (8,716)
Adjustments to reconcile change in net assets to net cash (used in) operating activities	
Depreciation	8,703
Changes in:	
Accounts receivable	(3,972)
Prepaid expenses	(7,124)
Deposits	500
Accounts payable and accrued liabilities	(7,868)
Employee benefits payable	(963)
Sales tax payable	310
Deferred revenue	(2,500)
Net cash (used in) operating activities	<u>(21,630)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on notes payable	<u>(58,853)</u>
Net cash (used in) financing activities	<u>(58,853)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(80,483)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF THE YEAR	<u>143,480</u>
CASH AND CASH EQUIVALENTS AS OF END OF THE YEAR	<u>\$ 62,997</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	<u>\$ 13,157</u>

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies

General Information: Big Brothers Big Sisters of Northern Sierra (the “Organization”) 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.

New Accounting Pronouncement: In 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, The adoption did not result in a significant effect on amounts reported in the statement of financial position or the statement of activities for the year ended December 31, 2022.

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.

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.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Leases: The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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 no 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.

NOTE 2 – Cash and Cash Equivalents

Cash and cash equivalents consists of the following:

	<u>Amount</u>	<u>Interest</u>
Wells Fargo Checking	\$ 16,979	0.00%
Wells Fargo Savings	10,000	0.03%
ReVisions checking	26,573	0.00%
West America Checking	6,450	0.00%
West America Savings	1,127	0.00%
Tri Counties Bank	1,138	0.00%
Tri Counties Bank checking	500	0.00%
Petty cash	<u>230</u>	0.00%
CASH AND CASH EQUIVALENTS	<u><u>\$ 62,997</u></u>	

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 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.

	2022
Financial assets at year-end	\$ 541,899
Less those unavailable for general expenditures within one year due to:	
Long term rent deposit	(4,820)
Property	(362,565)
Donor restricted for purchase of equipment	(10,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 164,514

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

NOTE 4 – Property and Equipment

	Begininning Balance	Additions	Deletions	Ending Balance
Building and land	\$ 369,062	\$ -	\$ -	\$ 369,062
Office equipment	1,994	-	-	1,994
Furniture and fixtures	3,180	-	-	3,180
Total fixed assets	374,236	-	-	374,236
Less accumulated depreciation	(2,968)	(8,703)	-	(11,671)
Property and equipment, net	\$ 371,268	\$ (8,703)	\$ -	\$ 362,565

Depreciation expense for the year ended December 31, 2022, amounted to \$8,703.

NOTE 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. Accrued vacation benefits as of December 31, 2022, was \$29,800

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.

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 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.

NOTE 7 – Lease Expense

The Organization's operating leases consist of a short-term lease for operating space. As the Organization's lease was considered short term, no right-of-use (ROU) assets or lease liabilities were recorded for the year ended December 31, 2022.

For the year ended December 31, 2022, total short-term operating lease cost was approximately \$20,518. There were no noncash investing and financing transactions related to leasing.

NOTE 8 – Federal Financial Assistance

The Organization was awarded two grants as subgrantee passed through Big Brothers Big Sisters of America from the Department of Justice. One is Office of Juvenile Justice and Delinquency Prevention for Mentoring Youth Opportunities and the other is for Mentoring Youth Impacted by Opioids.

The grant is recognized as the required services are performed, and expenses are recognized as incurred. Grant activity for the year are as follows:

	<u>Amount</u>
OJJDP Mentoring Youth Opportunities	\$ 114,757
OJJDP Mentoring Youth impacted by Opioids	39,845
Grant receipts and receivable	154,602
Grant expenditures	(154,602)
Excess funds at year end	\$ -

NOTE 9 – Concentration of Risk

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.

At times, the Organization's bank accounts may exceed federally insured limits of \$250,000 at each institution. As of December 31, 2022, the Organization had no cash deposits in excess of the insured limits.

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 – Long-Term Debt

The Organization entered into a contract for the purchase of property to be a permanent location for the Organization. The loan is for \$320,000 at the interest rate of 5% payable at \$2,000.90 per month beginning September 1, 2021. It is amortized over thirty years but all due and payable in 5 years.

The future payments for the next 5 years of principal is as follows:

Year ending December 31,	Amount
2023	\$ 11,358
2024	11,939
2025	12,550
2026	13,192
2027	13,867
Thereafter	195,554
Total	<u>\$ 258,460</u>

NOTE 11 - 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.

NOTE 12 – 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.

The Organization has a business line of credit for \$16,200. At year end \$0 of the line of credit was used.

NOTE 13 – Subsequent Events

In compliance with accounting standards, subsequent events were evaluated through August 21, 2023, which is the date the financial statements were available to be issued. Management has determined that no events require disclosure in accordance with the accounting standards subsequent to December 31, 2022.