

**BIG BROTHERS BIG SISTERS  
OF NORTHEAST INDIANA, INC.**

**FORT WAYNE, INDIANA**

**Financial Statements**

**as of December 31, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Big Brothers Big Sisters  
of Northeast Indiana, Inc.  
Fort Wayne, Indiana

### Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Northeast Indiana, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 Northeast Indiana, Inc. as of December 31, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits 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 Northeast Indiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Northeast Indiana, Inc.'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

Big Brothers Big Sisters  
Of Northeast Indiana, Inc.  
Independent Auditor's Report (Continued)

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 Northeast Indiana, 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 Northeast Indiana, 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.

*Leonard J. Andorfer & Co., LLP*

LEONARD J. ANDORFER & CO., LLP  
Certified Public Accountants  
Fort Wayne, Indiana

May 23, 2022

**BIG BROTHERS BIG SISTERS  
OF NORTHEAST INDIANA, INC.**

**Statements of Financial Position**

<b>ASSETS</b>	December 31 2021	December 31 2020
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents	\$ 1,243,170	\$ 1,186,186
Investments	6,571,700	4,534,871
Pledges receivable (net)	30,687	31,012
Prepaid expenses	92,664	22,950
Beneficial interest - Community Foundations	425,806	361,161
Accrued income	28,977	24,701
Property and equipment - net	<u>73,391</u>	<u>101,633</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 8,466,395</u></b>	<b><u>\$ 6,262,514</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 19,278	\$ 38,874
Accrued liabilities	63,556	111,120
Note payable - bank	<u>-</u>	<u>305,600</u>
Total Liabilities	82,834	455,594
Net Assets Without Donor Restrictions		
Undesignated	3,017,793	1,885,771
Board designated - endowment	3,018,658	2,725,982
Net Assets With Donor Restrictions	<u>2,347,110</u>	<u>1,195,167</u>
Total Net Assets	<u>8,383,561</u>	<u>5,806,920</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 8,466,395</u></b>	<b><u>\$ 6,262,514</u></b>

See Independent Auditor's Report  
and Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS  
OF NORTHEAST INDIANA, INC.**

**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Totals 2021	Totals 2020
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 628,561	\$ 25,000	\$ 653,561	\$ 526,236
Campaign contributions (net)	975		975	( 40,386 )
Foundation grants	523,675	1,093,610	1,617,285	702,283
Government grants	743,657		743,657	43,079
United Way	169,260		169,260	186,109
Fund raising events				
Proceeds	1,257,601	228,500	1,486,101	776,787
Less: cost of direct benefits to donors	( 147,023 )		( 147,023 )	( 97,492 )
In-kind contributions	118,639		118,639	147,879
Investment income	172,904		172,904	73,104
Unrealized gain on investments	698,091		698,091	293,730
Total Support and Revenue	4,166,340	1,347,110	5,513,450	2,611,329
Net Assets Released From Restrictions	195,167	( 195,167 )	-	-
<b>TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	4,361,507	1,151,943	5,513,450	2,611,329
<b>EXPENSES</b>				
Programs	2,325,176		2,325,176	1,941,517
Management and general	205,927		205,927	158,269
Fund raising	405,706		405,706	262,002
Total Expenses	2,936,809		2,936,809	2,361,788
<b>CHANGE IN NET ASSETS</b>				
	1,424,698	1,151,943	2,576,641	249,541
<b>NET ASSETS - BEGINNING OF YEAR</b>				
	4,611,753	1,195,167	5,806,920	5,557,379
<b>NET ASSETS - END OF YEAR</b>				
	\$ 6,036,451	\$ 2,347,110	\$ 8,383,561	\$ 5,806,920

See Independent Auditor's Report  
and Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS  
OF NORTHEAST INDIANA, INC.**

**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Totals 2020
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 501,236	\$ 25,000	\$ 526,236
Campaign contributions (net)	( 40,386 )		( 40,386 )
Foundation grants	539,283	163,000	702,283
Government grants	43,079		43,079
United Way	186,109		186,109
Fund raising events			
Proceeds	715,287	61,500	776,787
Less: cost of direct benefits to donors	( 97,492 )		( 97,492 )
In-kind contributions	147,879		147,879
Investment income	73,104		73,104
Unrealized gain on investments	293,730		293,730
Total Support and Revenue	2,361,829	249,500	2,611,329
Net Assets Released From Restrictions	309,333	( 309,333 )	-
<b>TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	2,671,162	( 59,833 )	2,611,329
<b>EXPENSES</b>			
Programs	1,941,517		1,941,517
Management and general	158,269		158,269
Fund raising	262,002		262,002
Total Expenses	2,361,788		2,361,788
<b>CHANGE IN NET ASSETS</b>			
	309,374	( 59,833 )	249,541
<b>NET ASSETS - BEGINNING OF YEAR</b>			
	4,302,379	1,255,000	5,557,379
<b>NET ASSETS - END OF YEAR</b>			
	\$ 4,611,753	\$ 1,195,167	\$ 5,806,920

See Independent Auditor's Report  
and Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS  
OF NORTHEAST INDIANA, INC.**

**Statement of Functional Expenses  
Year Ended December 31, 2021**

**(With Comparative Totals for the Year Ended December 31, 2020)**

	Programs	Management and General	Fund Raising	Totals 2021	Totals 2020
Salaries	\$ 1,180,273	\$ 115,149	\$ 143,936	\$ 1,439,358	\$ 1,317,856
Employee benefits	324,196	31,629	39,536	395,361	242,934
Payroll taxes	101,284	9,881	12,352	123,517	110,733
Other	58,809	5,040	4,124	67,973	43,872
Total Salaries and Related Expenses	1,664,562	161,699	199,948	2,026,209	1,715,395
Program expense	102,677			102,677	92,141
Supplies	11,410	1,113	1,391	13,914	15,422
Printing	12,239	1,194	1,494	14,927	10,893
Travel and training	11,113			11,113	9,065
Mileage	5,802	240	3,970	10,012	6,844
Property and equipment expense	37,970	4,495	3,678	46,143	13,346
Building expense	154,701	15,093	18,866	188,660	186,602
Advertising/promotions	23,392			23,392	23,853
Insurance	44,209	4,313	5,391	53,913	52,638
Professional services		9,400		9,400	9,200
Postage	8,040	784	981	9,805	5,130
Dues	98,762	1,780	7,147	107,689	92,140
Telephone and internet	19,530	1,905	2,382	23,817	12,506
Miscellaneous	9,899	966	1,205	12,070	14,092
Special events	144,828		248,453	393,281	164,545
Total Expenses Before Depreciation	2,349,134	202,982	494,906	3,047,022	2,423,812
Depreciation	30,184	2,945	3,681	36,810	35,468
Total Expenses By Function	\$ 2,379,318	\$ 205,927	\$ 498,587	\$ 3,083,832	\$ 2,459,280
Less expenses included in support and revenue on the statement of activities	54,142		92,881	147,023	97,492
Total Expenses	\$ 2,325,176	\$ 205,927	\$ 405,706	\$ 2,936,809	\$ 2,361,788

See Independent Auditor's Report  
and Notes to Financial Statements.



**BIG BROTHERS BIG SISTERS  
OF NORTHEAST INDIANA, INC.**

**Statement of Functional Expenses  
Year Ended December 31, 2020**

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals 2020</u>
Salaries	\$ 1,089,076	\$ 94,886	\$ 133,894	\$ 1,317,856
Employee benefits	200,760	17,491	24,683	242,934
Payroll taxes	91,510	7,973	11,250	110,733
Other	38,673	2,156	3,043	43,872
Total Salaries and Related Expenses	<u>1,420,019</u>	<u>122,506</u>	<u>172,870</u>	<u>1,715,395</u>
Program expense	92,141			92,141
Supplies	12,745	1,110	1,567	15,422
Printing	9,002	784	1,107	10,893
Travel and training	9,065			9,065
Mileage	3,956	61	2,827	6,844
Property and equipment expense	11,559	741	1,046	13,346
Building expense	154,208	13,435	18,959	186,602
Advertising/promotions	23,853			23,853
Insurance	43,500	3,790	5,348	52,638
Professional services		9,200		9,200
Postage	4,240	369	521	5,130
Dues	83,774	1,671	6,695	92,140
Telephone and internet	10,335	900	1,271	12,506
Miscellaneous	11,526	1,148	1,418	14,092
Special events	54,682		109,863	164,545
Total Expenses Before Depreciation	<u>1,944,605</u>	<u>155,715</u>	<u>323,492</u>	<u>2,423,812</u>
Depreciation	29,311	2,554	3,603	35,468
Total Expenses By Function	<u>1,973,916</u>	<u>158,269</u>	<u>327,095</u>	<u>2,459,280</u>
Less expenses included in support and revenue on the statement of activities	32,399		65,093	97,492
Total Expenses	<u>\$ 1,941,517</u>	<u>\$ 158,269</u>	<u>\$ 262,002</u>	<u>\$ 2,361,788</u>

See Independent Auditor's Report  
and Notes to Financial Statements.

**BIG BROTHERS BIG SISTERS  
OF NORTHEAST INDIANA, INC.**

**Statements of Cash Flows  
Years Ended December 31, 2021 and 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	2021	2020
Change in net assets	\$ 2,576,641	\$ 249,541
Adjustments to reconcile change in net assets to cash flows provided by operating activities		
Depreciation	36,810	35,468
Unrealized gain on investments	( 698,091 )	( 293,731 )
Contribution of securities	( 794,676 )	-
PPP loan forgiveness	( 627,796 )	-
Changes in assets and liabilities		
(Increase) decrease in:		
Pledges receivable (net)	325	67,736
Grant receivable		175,000
Prepaid expenses	( 69,714 )	( 594 )
Accrued income	( 4,276 )	1,343
Increase (decrease) in:		
Accounts payable	( 19,596 )	9,757
Accrued liabilities	( 47,564 )	( 104,014 )
Net Cash Provided By Operating Activities	352,063	140,506
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	( 1,813,658 )	( 1,011,226 )
Proceeds from sale of investments	1,204,951	780,322
Purchase of property and equipment	( 8,568 )	( 18,209 )
Net Cash Used For Investing Activities	( 617,275 )	( 249,113 )
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	322,196	305,600
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	56,984	196,993
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	1,186,186	989,193
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,243,170	\$ 1,186,186

See Independent Auditor's Report  
and Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies

**Nature of Activities** – Big Brothers Big Sisters of Northeast Indiana, Inc. provides guidance and support to the youth of northeast Indiana and southern Michigan through various programs that match adult mentors with youth. At the present time, the Agency serves the Indiana counties of Allen, Adams, Wells, DeKalb, Noble, Huntington, Whitley, Kosciusko, Steuben and Lagrange and the Michigan counties of Branch and Hillsdale.

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

**Net Assets Without Donor Restrictions** – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**Net Assets Without Donor Restrictions – Board Designated** – these net assets represent amounts established by the Board of Directors that represent net assets without donor restrictions which have been set aside for future needs of the organization.

**Net Assets With Donor Restrictions** – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

**Promises to Give** – Contributions 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 are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires restricted net assets are reclassified to net assets without donor restrictions.

**Investments** – The Organization has adopted FASB ASC 958-320-50-1. Under FASB ASC 958-320-50-1, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Functional Expenses** – The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, certain professional services, supplies, information technology, insurance and other expenses, which are allocated on the basis of time and effort.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

**Income Taxes** - The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the 60% charitable contributions deduction limitation. The CARES Act temporarily increased the deductibility of charitable contributions to 100% of adjusted gross income for charitable contributions made in 2021. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has adopted FASB ASC 740-10-25, and determined no material unrecognized tax benefits or liabilities exist as of December 31, 2021 and 2020. The adoption of FASB ASC 740-10-25 did not impact the organization's financial position or results of operations. If applicable, the organization will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of December 31, 2021 and 2020, respectively, the organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The organization does not anticipate any significant changes to unrecognized income tax benefits over the next year. The organization is generally no longer subject to examination by Federal or State agencies for years before 2018.

**Use of Estimates** - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Reclassification** – Prior year presentation has been reclassified to conform with the current year's presentation. These reclassifications have no effect on previously reported operational results.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Accounts Receivable** – If considered necessary, the Organization provides an allowance for doubtful receivables which is based on management's estimate of losses that will be incurred in the collection of all receivables.

**Property and Equipment** – Property and equipment are stated at cost or, if donated, at fair value at the date of the gift. Items with a cost or value of \$1,000 or more and a useful life of one year or more are capitalized. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets as follows:

Building	20 years
Equipment	3-10 years
Vehicles	5 years

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

**Revenue Recognition** – The Organization recognizes revenue from the following sources:

**Contributions and Grants:** The Organization recognizes support when received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met.

**Special Events and Sponsorships:** The Organization has multiple special events where tickets are purchased for the event and revenue is recognized upon the occurrence of the event. In addition, the Organization will sell sponsorships for the events. When a sponsorship is sold, it contains elements of both an exchange transaction and a contribution. The Organization will recognize the contribution portion once received or unconditionally pledged. The portion related to the exchange transaction is recorded as deferred income until the event occurs at which time it is recognized as revenue.

**In-kind Contributions:** Contributions of professional services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Volunteers contribute amounts of time to the Organization's activities that do not meet recognition criteria, and the value of that time is not reflected in the financial statements. The total value assigned to in-kind contributions amounted to \$118,639 and \$147,879 for the years ended December 31, 2021 and 2020, respectively.

**Advertising Costs** – Advertising and promotional programs are charged to expense during the period in which they are incurred. Advertising expense in the amount of \$23,392 and \$23,853 was incurred in the years ending December 31, 2021 and 2020, respectively.

**Compensated Absences** – The Organization allows employees to receive compensation for paid time off. As of December 31, 2021 and 2020, compensated absences have been calculated as \$16,293 and \$23,490, respectively. This amount has been reflected in the 2021 and 2020 Statements of Financial Position as part of accrued liabilities.

**Recent Accounting Pronouncements** – In February 2016, the FASB issued ASU 2016-2-Leases. The standard will increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The standard is effective for the Organization beginning January 1, 2022 and is currently being evaluated to determine the impact on the financial statements.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 2 – Investments

Investments as of December 31, 2021 and 2020 consisted of the following:

	December 31, 2021	December 31, 2020
Cash equivalents	\$ 114,810	\$ 107,986
Certificates of deposit	222,543	75,527
Equities	4,534,473	2,892,056
Fixed income - corporate bonds	85,547	46,650
Fixed income - municipal bonds	1,614,327	1,412,652
Total Investments at Fair Value	\$ 6,571,700	\$ 4,534,871
Total Investments at Historical Cost	\$ 4,987,459	\$ 3,590,703

### NOTE 3 – Beneficial Interest – Community Foundations

Funds held at Community Foundations as of December 31, 2021 and 2020 are summarized as follows:

	December 31 2021	December 31 2020
Community Foundation of Greater Fort Wayne	\$ 412,357	\$ 349,392
Kosciusko County Community Foundation	13,449	11,769
Total	\$ 425,806	\$ 361,161

The investments held by the Community Foundations are the result of agreements whereby the Organization has transferred assets, without variance power, to the Foundations and has specified itself as the beneficiary of those assets. The Organization may draw up to a certain percentage of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundations.

Additionally, the Foundations hold investment assets, with a value of \$361,459 and \$268,850 at December 31, 2021 and 2020, respectively, for the benefit of the Organization for which they have retained variance power. These assets are not recorded as assets of the Organization.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 – Fair Value of Financial Instruments

FASB ASC 820-10-50-1 requires certain disclosures regarding the fair value of financial instruments. Financial instruments held by Big Brothers Big Sisters of Northeast Indiana, Inc. impacted by this pronouncement include the investments held at market value.

FASB ASC 820-10-50-1 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of input described below:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value of financial instruments as of December 31, 2021 is as follows:

	Total	Quoted market prices for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents	\$ 114,810	\$ 114,810	\$	\$
Certificates of deposit	222,543	222,543		
Equities	4,534,473	4,534,473		
Fixed income	1,699,874		1,699,874	
Community Foundation of Greater Fort Wayne	412,357			412,357
Kosciusko County Community Foundation	13,449			13,449
<b>Total</b>	<b>\$ 6,997,506</b>	<b>\$ 4,871,826</b>	<b>\$ 1,699,874</b>	<b>\$ 425,806</b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 4 – Fair Value of Financial Instruments (Continued)**

Fair value of financial instruments as of December 31, 2020 is as follows:

	<u>Total</u>	Quoted market prices for identical assets <u>Level 1</u>	Significant other observable inputs <u>Level 2</u>	Significant unobservable inputs <u>Level 3</u>
Cash and cash equivalents	\$ 107,986	\$ 107,986	\$	\$
Certificates of deposit	75,527	75,527		
Equities	2,892,056	2,892,056		
Fixed income	1,459,302		1,459,302	
Community Foundation of Greater Fort Wayne	349,392			349,392
Kosciusko County Community Foundation	<u>11,769</u>			<u>11,769</u>
<b>Total</b>	<u>\$ 4,896,032</u>	<u>\$ 3,075,569</u>	<u>\$ 1,459,302</u>	<u>\$ 361,161</u>

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2021:

	Fair Value Measurements Using Significant Unobservable <u>Inputs (Level 3)</u>
Beginning Balance - January 1, 2021	\$ 361,161
Total gains or losses (realized/unrealized) included in earnings:	
Contributions	
Interest and dividend income on securities	13,182
Unrealized gains	58,018
Realized losses on sale of securities	9,378
Investment fees	( 2,008 )
Transfers out	( 13,925 )
Ending Balance - December 31, 2021	<u>\$ 425,806</u>



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 – Fair Value of Financial Instruments (Continued)

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2020:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Beginning Balance - January 1, 2020	\$ 341,439
Total gains or losses (realized/unrealized) included in earnings:	
Contributions	-
Interest and dividend income on securities	6,775
Unrealized gains	29,903
Realized gains on sale of securities	( 1,791 )
Investment fees	( 1,697 )
Transfers out	( 13,468 )
Ending Balance - December 31, 2020	\$ 361,161

### NOTE 5 – Investment Income

Net investment income from the investment account, the Community Foundations and the Certificates of Deposits consisted of the following:

	December 31 2021	December 31 2020
Dividends, interest, and realized gains	\$ 213,527	\$ 107,940
Investment management fees	( 40,623 )	( 34,836 )
Unrealized gains	698,091	293,730
Total	\$ 870,995	\$ 366,834

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6 – Property and Equipment

The components of property and equipment are as follows:

	December 31 2021	December 31 2020
Building and improvements	\$ 33,619	\$ 33,619
Equipment	371,475	362,907
Vehicles	102,957	102,957
	508,051	499,483
Accumulated depreciation	( 434,660 )	( 397,850 )
Total	\$ 73,391	\$ 101,633

### NOTE 7 – Net Assets with Donor Restrictions

The Organization has net assets that are donor restricted for the following purposes:

	December 31 2021	December 31 2020
Recruitment campaign	\$ 25,000	\$ 25,000
Future periods:		
Fund raising events	228,500	61,500
Operations	-	108,667
Endowment	1,993,610	1,000,000
50th Anniversary	100,000	-
Total	\$ 2,347,110	\$ 1,195,167

### NOTE 8 – Off-Balance Sheet Risk

The Organization receives substantial support from United Way organizations in several counties and from one significant fund-raising event. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

Big Brothers Big Sisters of Northeast Indiana, Inc. maintains its cash accounts at local banks. The cash balances and short-term investments are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021 and 2020 the Organization had uninsured cash balances of \$507,720 and \$695,734, respectively.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 9 – Operating Lease

On July 12, 2012, the Organization entered into a lease of new office and program spaces. The lease is for a period of ten years and began January 1, 2013. The lease requires monthly payments of \$16,795 and increases on an annual basis in an amount equal to the increase in the “all items” portion of the consumer price index for all urban consumers (CPI) issued and published by the Bureau of Labor Statistics of the United States Department of Labor. The monthly lease payment was \$17,847 for 2020. The lease also provides for a monthly rent credit in years one through four of the lease. Rent expense equal to one tenth of the net rent, plus any increase due to the CPI, will be expensed each year over the next ten years. Accrued rent associated with the lease of \$23,205 and \$63,500 as of December 31, 2021 and 2020, respectively, has been reflected in the Statement of Financial Position in accrued liabilities. Required minimum lease payments and the rent credit over the life of the lease are as follows:

Year Ended December 31	Rent	Credit	Net Rent	Expense
2013	\$ 201,540	\$ 160,000	\$ 41,540	\$ 161,540
2014	201,540	120,000	81,540	161,540
2015	201,540	80,000	121,540	161,540
2016	201,540	40,000	161,540	161,540
2017	201,540	-	201,540	161,540
2018	201,540	-	201,540	161,540
2019	201,540	-	201,540	161,540
2020	201,540	-	201,540	161,540
2021	201,540	-	201,540	161,540
2022	201,540	-	201,540	161,540
	\$ 2,015,400	\$ 400,000	\$ 1,615,400	\$ 1,615,400

### NOTE 10 – Retirement Plan

The Organization sponsors a defined contribution plan where contributions to the plan are made for all employees with at least 30 days of continuous employment. The Organization’s contributions are 100% vested after 3 years of employment. The Organization contributes \$3 for each \$1 contributed by eligible employees up to 2% of each employee’s total compensation. Expenses for the years ended December 31, 2021 and 2020 amounted to \$58,169 and \$46,995, respectively.

### NOTE 11 – Endowments

The Organization’s endowment consists of two funds established for providing revenue from earnings. Its endowment includes board designated endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with donor restricted funds, including designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor permanently restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 11 – Endowments (Continued)

restricted fund that is not classified in permanently restricted net assets is classified as designated net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2021, is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board designated funds - campaign	\$ 2,592,852	\$	\$ 2,592,852
Board designated funds - Community Foundations	425,806		425,806
Net assets with donor restrictions	<u>                    </u>	<u>1,993,610</u>	<u>1,993,610</u>
	<u>\$ 3,018,658</u>	<u>\$ 1,993,610</u>	<u>\$ 5,012,268</u>

Endowment net asset composition by type of fund as of December 31, 2020, is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board designated funds - campaign	\$ 2,364,821	\$	\$ 2,364,821
Board designated funds - Community Foundations	361,161		361,161
Net assets with donor restrictions	<u>                    </u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,725,982</u>	<u>\$ 1,000,000</u>	<u>\$ 3,725,982</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 11 – Endowments (Continued)

Changes in endowment net assets for the year ended December 31, 2021, are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ 2,725,982	\$ 1,000,000	\$ 3,725,982
Contributions (net)	229,441	993,610	1,223,051
Investment return:			
Dividends, interest and realized investment gains/losses	172,615		172,615
Unrealized gains	<u>698,091</u>		<u>698,091</u>
Total investment return	870,706		870,706
Appropriation of endowment assets for expenditures	( 13,925 )		( 13,925 )
Transfers	<u>( 793,546 )</u>		<u>( 793,546 )</u>
Endowment net assets - end of year	<u>\$ 3,018,658</u>	<u>\$ 1,993,610</u>	<u>\$ 5,012,268</u>

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ 2,746,445	\$ 1,000,000	\$ 3,746,445
Contributions (net)	( 40,386 )		( 40,386 )
Investment return:			
Dividends, interest and realized investment gains/losses	72,416		72,416
Unrealized gain	<u>293,730</u>		<u>293,730</u>
Total investment return	366,146		366,146
Appropriation of endowment assets for expenditures	( 13,468 )		( 13,468 )
Transfers	<u>( 332,755 )</u>		<u>( 332,755 )</u>
Endowment net assets - end of year	<u>\$ 2,725,982</u>	<u>\$ 1,000,000</u>	<u>\$ 3,725,982</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 11 – Endowments (Continued)

**Funds With Deficiencies** – From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. These deficiencies result from unfavorable investment performance due to unfavorable market conditions for the investments supporting the donor restricted and designated net assets.

**Return Objectives and Risk Parameters** – The organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as designated funds. The Organization expects its endowment fund, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives** – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

**Spending Policy** – The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior four quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the current value. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

### NOTE 12 – Indirect Support – United Way

Indirect support from United Way includes allocations from United Way Agencies in counties served by the Organization. Included in the amount for 2021 of \$169,260 are designated contributions from individuals of \$4,643. Included in the amount for 2020 of \$186,109 are designated contributions from individuals of \$5,996.

### NOTE 13 – Paycheck Protection Program (PPP) Loan

The Organization received two PPP loans established by the CARES Act and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, Revenue Recognition. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The Organization has met all requirements for loan forgiveness and has recognized within support on the statement of activities and changes in net assets \$627,296 as of December 31, 2021, (the full amount of each PPP loan).

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 14 – Line of Credit

The Organization has established a line of credit with PNC Bank in the amount of \$100,000. The note expires on October 10, 2022 and bears interest at the bank's prime rate plus 1.85% (5.10% at December 31, 2021). The note was unused at December 31, 2021 and 2020.

### NOTE 15 – Fundraising Campaign

Big Brothers Big Sisters of Northeast Indiana, Inc. is conducting a fundraising campaign to raise \$6,000,000 to fund an endowment for long term sustainability. The Organization is one of the largest agencies in the country and is not a fee for service so any sudden loss of funding or a downturn in the economy could have a substantial impact on the level and quality of the service provided at BBBS. The campaign will collect pledges over the course of five years and will include gifts that are donor restricted as well as unrestricted. Outstanding pledges as of December 31, 2021 and 2020 are detailed as follows:

	December 31 2021	December 31 2020
Pledges receivable in less than one year	\$ 27,005	\$ 3,305
Pledges receivable in one to five years	3,882	27,907
	30,887	31,212
Less: allowance for uncollectible pledges	( 200 )	( 200 )
	<u>\$ 30,687</u>	<u>\$ 31,012</u>

Pledges have been capitalized using a discount factor of 2%.

### NOTE 16 – Liquidity and Availability of Financial Assets

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the board approves that action.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 16 – Liquidity and Availability of Financial Assets**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,243,170	\$ 1,186,186
Accounts receivable, net, collected in less than one year	28,977	24,701
Pledges receivable, net, collected in less than one year	27,005	3,305
Investments	<u>6,571,700</u>	<u>4,534,871</u>
Total financial assets, excluding noncurrent receivables	7,870,852	5,749,063
Contractual or donor-imposed restrictions:		
Endowment fund investments	( 3,018,658 )	( 2,725,982 )
Add back: amount appropriated for following years	87,000	87,000
Other donor restrictions	( 2,347,110 )	( 1,195,167 )
Add back: amounts available for donor-specified expenditures in following year	233,500	195,167
Board designations:		
Operating reserves and other	<u>-</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,825,584</u>	<u>\$ 2,110,081</u>

**NOTE 17 – Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 23, 2022, the date the financial statements were available to be issued.