

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

ANGIE VICKERY, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Big Brothers Big Sisters of the Shoals
Florence, Alabama

I have audited the accompanying financial statements of Big Brothers Big Sisters of the Shoals, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, 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 statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

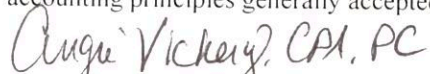
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 presented fairly, in all material respects, the financial position of Big Brothers Big Sisters of the Shoals, Inc. as of December 31, 2019, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Angie Vickery, CPA, PC
February 12, 2020

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 32,251
Accounts receivable	1,000
Grants receivable	16,247
Prepaid expenses	<u>368</u>

Total current assets	<u>49,866</u>
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Fixed Assets:

Equipment	13,652
Accumulated depreciation	<u>(13,122)</u>

Net fixed assets	<u>530</u>
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TOTAL ASSETS	<u><u>\$ 50,396</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$ 4,525
Accrued payroll expenses	5,352
Deferred support	<u>10,000</u>

Total current liabilities/total liabilities	<u>19,877</u>
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Net Assets:

Without donor restrictions	<u>30,519</u>
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Total net assets	<u>30,519</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 50,396</u></u>
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The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>
SUPPORT	
Grants	\$ 101,730
Contributions	29,422
In-kind contributions	62,144
Fundraisers	42,981
Other	<u>5,445</u>
TOTAL SUPPORT	<u>241,722</u>
EXPENSES:	
Program services:	
Mentoring services	<u>210,092</u>
Support services:	
Management and general	9,037
Fundraising	<u>22,525</u>
Total support services	<u>31,562</u>
TOTAL FUNCTIONAL EXPENSES	<u>241,654</u>
Affiliated technology fees	2,650
Affiliated organization fees	<u>6,699</u>
Total affiliated fees	9,349
TOTAL EXPENSES	<u>251,003</u>
DECREASE IN NET ASSETS	(9,281)
NET ASSETS, BEGINNING OF YEAR	<u>39,800</u>
NET ASSETS, END OF YEAR	<u><u>\$ 30,519</u></u>

The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Support Services			Total
	Mentoring Services	Management and General	Fundraising	Total Support Services	Expenses
Bonus	\$ 656		\$ 72	\$ 144	\$ 800
Business insurance	7,803	459	918	1,377	9,180
Childrens activities	7,923	-	-	-	7,923
Communications	2,367	139	279	418	2,785
Conferences and meetings	2,239	297	162	459	2,698
Depreciation	472	-	-	-	472
Dues and subscriptions	599	98	196	294	893
Employee benefits	180	7	13	20	200
Equipment rental	3,406	200	401	601	4,007
Occupancy	34,383	2,022	4,045	6,067	40,450
Office supplies	3,860	227	453	680	4,540
Payroll taxes	7,487	291	540	831	8,318
Postage and shipping	364	21	43	64	428
Professional fees	4,200	-	-	-	4,200
Salaries	126,475	4,918	9,134	14,052	140,527
Scholarship	2,700	-	-	-	2,700
Supplies	-	-	5,811	5,811	5,811
Travel	4,978	286	458	744	5,722
Total expenses	<u>\$ 210,092</u>	<u>\$ 9,037</u>	<u>\$ 22,525</u>	<u>\$ 31,562</u>	<u>\$ 241,654</u>

The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:

Change in net assets	\$ (9,281)
Depreciation	472
Increase in grants receivable	(6,247)
Decrease in prepaid expenses	609
Increase in accrued expenses	535
Decrease in accrued payroll expenses	(1,444)
Increase in deferred support	<u>6,890</u>
Net cash used by operating activities	<u>(8,466)</u>
Cash flows from investing activities	
Purchase of equipment	<u>(340)</u>
Net cash used by investing activities	(340)
Net decrease in cash and cash equivalents	(8,806)
Cash and cash equivalents, beginning of year	<u>41,057</u>
Cash and cash equivalents, end of year	<u><u>\$ 32,251</u></u>

The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. NATURE OF ACTIVITIES

Big Brothers Big Sisters of the Shoals, Inc. (the Organization) is a nonprofit organization dedicated to helping single-parent children in northwest Alabama by building friendships through a one-on-one matching program with screened adult volunteers. The stated mission of the Organization is to make a positive difference in the lives of children and youth, primarily through a professionally supported one-on-one relationship with a caring adult, and to assist them in achieving their highest potential as they grow to become confident, competent and caring individuals, by providing committed volunteers, leadership and standards of excellence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets 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, where by the donor has stipulated the funds be maintained in perpetuity.

As of December 31, 2019, the net assets of the Organization were all classified as net assets without donor restrictions.

Income Taxes – The Organization operates as a nonprofit organization whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state taxes. The Organization is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

Property and Equipment – Purchased property and equipment is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Donated property is recorded as income at its fair market value and depreciated using the straight-line method over the estimated life of the asset.

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting practices 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions – Unconditional contributions are recognized when pledged and 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

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 Big Brothers Big Sisters of the Shoals, Inc.'s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. For the year ended December 31, 2019, the Organization activities were all considered to be operating.

Conditional Promises to Give – As of December 31, 2019, the Organization had no conditional promises to give.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Concentrations of Credit and Market Risk – Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions and credit

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

exposure is limited to any one institution. The Organization has not experienced any losses on its cash equivalents.

Advertising Costs – Advertising costs are expensed as incurred.

Prepaid Expenses – Prepaid expenses consist of prepaid insurance premiums and prepaid rent.

Accrued Payroll Expenses – Accrued expenses consist of unpaid payroll taxes and accrued salaries.

Uncertain Tax Positions – The Organization files an annual Form 990 with the Internal Revenue Service and its returns for the year ended 2016 and subsequent years remain subject to examination by tax authorities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statement.

Evaluation of Subsequent Events – The Organization has evaluated subsequent events through February 12, 2020 which is the date the financial statements were available to be issued.

3. OPERATING LEASE COMMITMENT

The Organization renewed the existing lease beginning March 1, 2019 and ending February 28, 2020. The Organization operated under the terms of the lease during the entire year. Rent expense under the agreement for the year ended December 31, 2019 totaled \$8,100.

2020	\$ 1,350
2021 and following years	<u>0</u>
	<u>\$ 1,350</u>

4. CASH AND CASH EQUIVALENTS

Listerhill – General Account	\$ 1,715
Listerhill – Share Account	424
BBVA – Money Market	<u>30,112</u>
 TOTAL	 <u>\$ 32,251</u>

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among mentoring services and supporting services. Such allocations are determined by management on an equitable basis.

Expenses that are allocated based on time and effort include bonus, employee benefits, payroll taxes, salaries, and travel. Expenses that are allocated based on estimated area benefited are business insurance, communications, conferences and meetings, dues and subscriptions, equipment rental, maintenance, occupancy, office supplies, and postage and shipping.

6. SUMMARY OF GRANTS

<u>Funding Source</u>	<u>Recognized Support</u>
United Way	\$ 42,001
State of Alabama - ADCANP	37,500
Allstate	5,000
St. Francis Project	2,000
Junior League	4,225
Wells Fargo	2,500
Blue Cross Blue Shield	2,500
Northwest RC&D Council	4,504
Other	<u>1,500</u>
Total	<u>\$101,730</u>

7. GRANTS RECEIVABLE/DEFERRED SUPPORT

Grants receivable consist of:

State of Alabama – ADCANP	\$ 5,000
Northwest RC&D Council	4,504
United Way	<u>6,743</u>
Total	<u>\$ 16,247</u>

Deferred support of \$10,000 consists entirely of grant funds received from State of Alabama – ADCANP.

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

8. IN-KIND CONTRIBUTIONS

In-kind contributions are recorded in the statement of activities as support as well as the related functional expense category. Items recorded are included at their fair value at the time of the donation. In-kind contributions for the year ended December 31, 2019 are comprised of the following:

Salaries	\$ 27,826
Rent	32,350
Childrens activities	1,423
Communications	225
Office supplies	<u>320</u>
Total	<u>\$ 62,144</u>

Contributed services are recognized by the Organization if the services received (a) create or enhance non-financial assets and (b) require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers donated time for volunteer support activities to assist the Organization in performing program, fundraising, and administrative services during the year, however, these volunteer services do not meet the recognition criteria.

9. LIQUIDITY

Big Brothers Big Sisters of the Shoals, Inc.'s financial assets available within one year of the date of the statement of financial position for general expenditure are as follows:

Cash and cash equivalents	\$32,251
Accounts receivable	1,000
Grants receivable	16,247
Prepaid expenses	<u>368</u>
	<u>\$49,866</u>

Big Brothers Big Sisters of the Shoals, Inc.'s financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

BIG BROTHERS BIG SISTERS OF THE SHOALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

10. SPECIAL EVENTS

Special events generate revenue for the Organization as well as raise awareness about the organization's mission. Special events are annual and support the Organization's central activities. Accordingly, support of \$42,981 and direct expenses of \$5,811 are recorded in the accompanying Statement of Activities.