

**BIG BROTHERS BIG SISTERS
OF KENTUCKIANA, INC. –
LOUISVILLE, KENTUCKY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION**

**YEARS ENDED
JUNE 30, 2020 AND 2019**

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.

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500 NORTH HURSTBOURNE PARKWAY, SUITE 150, LOUISVILLE, KENTUCKY 40222 • PHONE: 502.423.0311 • FAX: 502.339.7103

Independent Auditor's Report

Board of Directors
Big Brothers Big Sisters of Kentuckiana, Inc.
Louisville, Kentucky

We have audited the accompanying financial statements of **Big Brothers Big Sisters of Kentuckiana, Inc.**, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Big Brothers Big Sisters of Kentuckiana, Inc.** as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Louisville, Kentucky
December 1, 2020

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 708,494	\$ 394,318
Investments	236,994	137,937
Metro United Way receivable	138,498	225,569
Grants and other receivables	73,606	134,790
Pledges receivable, net	19,799	57,800
In kind supplies inventory	3,970	2,477
Prepaid expenses	10,602	18,558
Property and equipment, net	1,057,366	1,114,358
	<u>1,057,366</u>	<u>1,114,358</u>
TOTAL ASSETS	<u><u>\$ 2,249,329</u></u>	<u><u>\$ 2,085,807</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 15,796	\$ 32,254
Accrued expenses	100,581	68,850
Deferred revenue	35,940	6,840
Capital lease obligations	8,287	11,733
	<u>160,604</u>	<u>119,677</u>
Total Liabilities	<u>160,604</u>	<u>119,677</u>

Net Assets

Without donor restrictions	1,638,361	1,331,821
With donor restrictions	450,364	634,309
	<u>2,088,725</u>	<u>1,966,130</u>
Total Net Assets	<u>2,088,725</u>	<u>1,966,130</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,249,329</u></u>	<u><u>\$ 2,085,807</u></u>
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See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND SUPPORT						
Metro United Way	\$ 3,340	\$ 138,498	\$ 141,838	\$ 4,719	\$ 225,569	\$ 230,288
Grants	14,500	645,012	659,512	16,800	1,109,798	1,126,598
Paycheck Protection Program loan	-	268,500	268,500	-	-	-
Contributions	282,479	190,000	472,479	183,075	20,000	203,075
Special events, net of costs of direct benefits to donors	323,277	-	323,277	483,584	-	483,584
Investment return	6,807	-	6,807	15,229	-	15,229
Gifts in kind	71,281	-	71,281	91,695	-	91,695
Loss on disposal of property and equipment	(5,383)	-	(5,383)	-	-	-
Net assets released from restrictions	1,425,955	(1,425,955)	-	1,245,533	(1,245,533)	-
Total Revenues and Support	2,122,256	(183,945)	1,938,311	2,040,635	109,834	2,150,469
EXPENSES						
Program services	1,375,811	-	1,375,811	1,651,292	-	1,651,292
Management and general	190,485	-	190,485	193,628	-	193,628
Fundraising	249,420	-	249,420	337,579	-	337,579
Total Expenses	1,815,716	-	1,815,716	2,182,499	-	2,182,499
Change in Net Assets	306,540	(183,945)	122,595	(141,864)	109,834	(32,030)
Net Assets at Beginning of Year	1,331,821	634,309	1,966,130	1,473,685	524,475	1,998,160
Net Assets at End of Year	\$ 1,638,361	\$ 450,364	\$ 2,088,725	\$ 1,331,821	\$ 634,309	\$ 1,966,130

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Fundraising</u>				Total
	Program	Management and General	Bowl for Kids Sake	Other Fundraising	
Salaries	\$ 852,214	\$ 131,757	\$ 11,965	\$ 153,708	\$ 1,149,644
Employee benefits	77,952	11,110	-	12,209	101,271
Payroll taxes	77,565	10,445	-	12,201	100,211
Occupancy	16,659	1,973	-	3,288	21,920
Computer/software	38,150	2,543	3,508	10,173	54,374
Insurance	33,185	1,048	-	699	34,932
Postage and shipping	4,562	283	75	735	5,655
Professional fees	24,445	17,960	-	7,483	49,888
Printing	3,008	416	-	1,203	4,627
National dues	24,041	1,603	-	1,068	26,712
Equipment rental and maintenance	10,870	-	-	-	10,870
Telephone	31,251	3,701	-	6,168	41,120
Staff training	1,428	45	-	30	1,503
Office supplies	2,581	305	19	509	3,414
Travel	16,248	171	2	684	17,105
Advertising	1,633	23	794	644	3,094
Conferences and meetings	2,075	66	286	44	2,471
Memberships and dues	1,830	1,830	-	407	4,067
Appreciation	-	-	59	-	59
Activities	12,545	-	1,097	-	13,642
Miscellaneous	6,046	-	2,284	-	8,330
Recruitment	17,341	-	-	-	17,341
Interest	444	14	-	9	467
Special events	6,348	-	-	7,759	14,107
Provision for uncollectible pledges	2,952	-	(766)	-	2,186
Gifts in kind	68,104	179	1,840	881	71,004
Depreciation and amortization	42,334	5,013	-	8,355	55,702
Total Functional Expenses	\$ 1,375,811	\$ 190,485	\$ 21,163	\$ 228,257	\$ 1,815,716

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program	Management and General	Fundraising		Total
			Bowl for Kids Sake	Other Fundraising	
Salaries	\$ 1,053,177	\$ 140,003	\$ 5,547	\$ 169,742	\$ 1,368,469
Employee benefits	83,649	10,297	-	11,749	105,695
Payroll taxes	97,020	11,544	257	14,304	123,125
Occupancy	20,674	2,448	-	4,080	27,202
Computer/software	34,832	4,125	-	6,875	45,832
Insurance	32,362	1,022	-	681	34,065
Postage and shipping	4,497	274	13	713	5,497
Professional fees	38,584	6,242	-	11,916	56,742
Printing	8,726	1,208	2,669	3,491	16,094
National dues	17,168	1,145	-	763	19,076
Equipment rental and maintenance	14,354	-	-	-	14,354
Telephone	25,940	3,072	-	5,120	34,132
Staff training	1,454	46	-	31	1,531
Office supplies	4,054	479	97	800	5,430
Travel	32,166	339	16	1,354	33,875
Advertising	422	6	5,131	166	5,725
Conferences and meetings	12,924	408	1,807	272	15,411
Memberships and dues	1,863	1,863	-	414	4,140
Appreciation	145	1	2,464	1	2,611
Activities	40,382	-	32	-	40,414
Miscellaneous	2,648	-	6,535	-	9,183
Recruitment	27,511	-	-	-	27,511
Interest	718	23	-	15	756
Special events	-	-	-	24,367	24,367
Provision for uncollectible pledges	1,622	-	7,805	-	9,427
Gifts in kind	48,108	3,601	4,406	34,809	90,924
Depreciation and amortization	46,292	5,482	-	9,137	60,911
Total Functional Expenses	\$ 1,651,292	\$ 193,628	\$ 36,779	\$ 300,800	\$ 2,182,499

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 122,595	\$ (32,030)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	55,702	60,911
Donated stock included in contributions	(27,121)	(15,488)
Loss on disposal of property and equipment	5,383	-
Realized and unrealized gains on investments	(3,935)	(8,836)
(Increase) decrease in assets:		
Metro United Way receivable	87,071	84,873
Grants and other receivables	61,184	(20,529)
Pledges receivable	38,001	15,643
Inventory	(1,493)	(2,477)
Prepaid expenses	7,956	(5,739)
Increase (decrease) in liabilities:		
Accounts payable	(16,458)	(19,697)
Accrued expenses	31,731	(13,492)
Deferred revenue	29,100	2,591
Net Cash Provided By Operating Activities	389,716	45,730
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,093)	(65,378)
Purchase of investments	(172,179)	(101)
Proceeds received on sale of investments	104,178	84,147
Net Cash Provided By (Used In) Investing Activities	(72,094)	18,668
FINANCING ACTIVITIES		
Principal payments under capital lease obligations	(3,446)	(3,884)
Net Cash Used In Financing Activities	(3,446)	(3,884)
Net Increase in Cash and Cash Equivalents	314,176	60,514
Cash and cash equivalents at beginning of year	394,318	333,804
Cash and Cash Equivalents at End of Year	\$ 708,494	\$ 394,318
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	467	755

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Big Brothers Big Sisters of Kentuckiana, Inc. (the “Organization”) is a not-for-profit organization formed to provide children facing adversity with relationships that allows youth to achieve their full potential. The Organization’s work is complete by creating and supporting one-to-one mentoring relationships that ignite the power and promise of youth. The Organization serves the Louisville, Kentucky metropolitan area and surrounding counties including three Southern Indiana counties.

Basis of Presentation

The financial statements of the Organization are presented on the accrual basis of accounting. The Organization reports information regarding its financial position and activities in two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Contributions whose restrictions are met in the same period are treated as net assets without donor restrictions. The terms are defined below:

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions (donors include other types of contributions, including makers of certain grants).

Net assets without donor restrictions - Net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all unrestricted cash and highly liquid investment securities with maturities of three months or less at time of purchase to be cash and cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, the balances may be in excess of federal insured limits. As of June 30, 2020, the Organization had a balance of \$124,698 in excess of insured limits.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(1 – continued)

Revenues and Support

On July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These two ASUs were adopted together as of July 1, 2019, and establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. ASU 2014-09 was adopted on a modified retrospective basis to agreements that were not completed at July 1, 2019. ASU 2018-08 was applied on a modified prospective basis to agreements that were not completed July 1, 2019, or that were entered into after that date. The adoption did not have a material impact on the timing of revenue recognition as of the adoption date and did not result in a cumulative effect adjustment to net assets.

The Organization's non-contribution revenue, which is most commonly associated with fundraising events, contain a single delivery element and revenue is recognized at a single point in time when control transfers to the customer. Revenue is recognized for exchange transactions when the customers receive the services provided. Customers are generally billed before attending events. In some instances, the Organization receives deposits from customers before the events are held, which result in contract liabilities.

Grants and contribution revenue is considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management reviews all contribution receivable balances that are past due and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Estimated uncollectible accounts increase the allowance for doubtful accounts and when the accounts receivable are written off, the allowance for doubtful accounts is decreased. As of June 30, 2020 and 2019, the allowance for uncollectible pledges totaled \$6,082 and \$9,978, respectively.

Contributed services that require specific expertise and would normally have been purchased and donated services that create or enhance non-financial assets are recorded at fair market value. Those donated services that do not meet these specific criteria are not reflected in the financial statements. Approximately 55,468 and 59,050 volunteer hours were donated to the Organization during the years ended June 30, 2020 and 2019, respectively. This time represents non-professional services, such as mentoring, and is, therefore, not recorded in the accompanying financial statements. An approximate economic value for in-kind hours per the City of Louisville for 2020 and 2019 is \$21.17 per hour. Applying this rate, the Organization mentor services can be valued at approximately \$1,174,000 and \$1,250,000 for the years ended June 30, 2020 and 2019, respectively.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(1 – continued)

Investments

Investments in marketable securities with readily determinable fair values are measured at fair market value in the statement of net assets. The unrealized gains or losses on investments are included in the change in net assets.

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization's policy is to capitalize asset purchases exceeding \$500. Amortization expense from capital leases is included with depreciation expense. Property and equipment are depreciated using the straight-line method over the assets useful lives.

Expenditures for maintenance and repairs are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred. These expenses totaled \$3,094 and \$5,725 for the years ended June 30, 2020 and 2019, respectively.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not provide for income taxes.

The Organization has implemented the accounting guidance for uncertainty in income taxes. Under that guidance, tax positions need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of June 30, 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization files federal Form 990. The Organization is not currently being examined and management believes its tax-exempt status would be upheld under examination.

Newly Issued Standards

Effective for the fiscal year ending June 30, 2020, the Organization has adopted accounting standard No. 2014-09, *Revenue from Contracts with Customers* and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, issued by The Financial Accounting Standards Board.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(1 – continued)

The Financial Accounting Standards Board has also issued accounting standard No. 2016-02, *Leases*, concerning the accounting for leases effective for years beginning after December 15, 2021. The Organization is evaluating the impact the adoption of this standard will have on future financial position and results of operations.

(2) **LIQUIDITY**

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 708,494	\$ 394,318
Investments	236,994	137,937
Metro United Way receivable	138,498	225,569
Grants and other receivables	73,606	134,790
Pledges receivable, net	19,799	57,800
	<u>1,177,391</u>	<u>950,414</u>
Less net assets with donor restrictions	<u>(450,364)</u>	<u>(634,309)</u>
	<u>\$ 727,027</u>	<u>\$ 316,105</u>

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 such as bonds and certificates of deposit. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$300,000, all of which remained available at June 30, 2020.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(3) **INVESTMENTS**

Investments at June 30, 2020 and 2019 consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
June 30, 2020:			
Corporate bonds	\$ 172,062	\$ 169,213	\$ (2,849)
Equities	213	973	760
Certificates of deposit	64,027	66,808	2,781
Total investments	\$ 236,302	\$ 236,994	\$ 692

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Loss</u>
June 30, 2019:			
Corporate bonds	\$ 75,009	\$ 74,904	\$ (105)
Equities	576	674	98
Certificates of deposit	64,027	62,359	(1,668)
Total investments	\$ 139,612	\$ 137,937	\$ (1,675)

The Organization has investments in corporate bonds and certificates of deposit that are held by investment managers engaged by the Organization and are therefore subject to concentrations of credit risk. Investments are made by the investment managers and monitored by the Board of Directors through the Finance Committee. Though the market value of the investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

(4) **PLEDGES RECEIVABLE**

The Organization has pledges receivable related to special events and other contributions. Pledges receivable as of June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Special events pledges	\$ 17,542	\$ 60,763
Other pledges	8,339	7,015
Gross pledges receivable	25,881	67,778
Less allowance for uncollectible pledges	(6,082)	(9,978)
Total	\$ 19,799	\$ 57,800

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(4 – continued)

Gross pledges receivable are due according to the following schedule:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 25,881	\$ 67,778

At June 30, 2020 and 2019, approximately 54% and 68% of gross pledges receivable were from two different donors, respectively.

(5) **PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 131,600	\$ 131,600
Building and building improvements	1,324,955	1,324,320
Furniture and fixtures	75,821	75,821
Equipment	111,567	207,399
	1,643,943	1,739,140
Less accumulated depreciation	586,577	624,782
Property and equipment, net	\$ 1,057,366	\$ 1,114,358

(6) **LINE OF CREDIT**

The Organization has a line of credit with Republic Bank & Trust Company of \$300,000 which bears interest at a variable rate equal to the prime rate (3.25% as of June 30, 2020). The collateral pledged on the line of credit is a mortgage and all other Organization assets. The Organization had no outstanding balance due on the line of credit at June 30, 2020 and 2019. The line of credit matures on October 20, 2021.

(7) **CAPITAL LEASE OBLIGATIONS**

The Organization leases equipment under capital leases. The following is a summary of leased assets included in property and equipment:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 18,810	\$ 18,810
Accumulated amortization	(11,600)	(7,838)
	\$ 7,210	\$ 10,972

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(7 – continued)

Future minimum payments under the capital lease obligations are as follows:

Year ending June 30:

2021	\$	4,219
2022		4,219
		8,438
Less amount representing interest		151
Total minimum payments required	\$	8,287

(8) **OPERATING LEASES**

Beginning in June 2016, the Organization leased administrative space in Hardin County under a noncancelable operating lease with an initial term of at least one year with payments beginning in July 2016. This lease was extended for an additional one year term in 2020 and expires in June 2021. Total rent expense for the years ended June 30, 2020 and 2019 was \$6,000 and \$9,923, respectively.

At June 30, 2020, minimum lease commitments under the agreement totaling \$6,000 are due during the year ending June 30, 2021.

(9) **GIFTS IN KIND**

Gifts in kind, inclusive of Bowl for Kids' Sake, included in revenues, expenses and/or assets totaled \$71,880 and \$99,277, respectively, for the years ended June 30, 2020 and 2019. Gifts in kind include direct benefits to donors totaling \$876 and \$3,176, respectively, for the years ended June 30, 2020 and 2019.

(10) **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for the years ended June 30, 2020 and 2019, were as follows:

	<u>Balance</u>		<u>Revenue and</u>	<u>Net assets</u>	<u>Balance</u>
	<u>June 30, 2019</u>		<u>Support</u>	<u>Released From</u>	<u>June 30, 2020</u>
				<u>Restrictions</u>	
Community based	\$ 272,499	\$ 490,307	\$ (561,506)	\$ 201,300	
Site based	83,435	71,159	(154,594)	-	
School to work	227,375	317,432	(300,709)	244,098	
Mentor U	41,000	-	(41,000)	-	
Capital improvement	-	4,966	-	4,966	
Other	10,000	358,146	(368,146)	-	
	\$ 634,309	\$ 1,242,010	\$ (1,425,955)	\$ 450,364	

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(11) **RETIREMENT PLAN**

The Organization has a 401(k) retirement plan (Plan) which covers employees who have attained the age of 21 and work a minimum of 20 hours per week. After one year of service, the Organization matches employee contributions up to a maximum of 3% of the employees' compensation. The Plan allows for an employer discretionary profit sharing contribution. Total contributions made by the Organization to the Plan were \$19,745 and \$23,373 for the years ended June 30, 2020 and 2019, respectively.

(12) **SPECIAL EVENTS**

Special events consisted of the following for the years ended June 30, 2020 and 2019:

	<u>Gross</u> <u>Revenue</u>	<u>Cost of Direct</u> <u>Benefit</u> <u>to Donors</u>	<u>Expenses</u>	<u>Net</u> <u>Revenue</u>
June 30, 2020:				
Bowl for Kids Sake	\$ 206,787	\$ (9,034)	\$ (21,163)	\$ 176,590
Links for Littles	81,166	(27,058)	(5,437)	48,671
Other Events	97,685	(26,269)	(8,670)	62,746
	\$ 385,638	\$ (62,361)	\$ (35,270)	\$ 288,007
	\$ 385,638	\$ (62,361)	\$ (35,270)	\$ 288,007

	<u>Gross</u> <u>Revenue</u>	<u>Cost of Direct</u> <u>Benefit</u> <u>to Donors</u>	<u>Expenses</u>	<u>Net</u> <u>Revenue</u>
June 30, 2019:				
Bowl for Kids Sake	\$ 280,169	\$ (24,398)	\$ (36,779)	\$ 218,992
Links for Littles/Arby's	136,811	(27,058)	(10,632)	99,121
Other Events	146,203	(28,143)	(13,735)	104,325
	\$ 563,183	\$ (79,599)	\$ (61,146)	\$ 422,438
	\$ 563,183	\$ (79,599)	\$ (61,146)	\$ 422,438

(13) **FAIR VALUE MEASUREMENTS**

The Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 Fair Value Measurements, for financial and nonfinancial assets and liabilities.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(13 – continued)

- Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Organization’s financial assets and liabilities carried at fair value. The table below presents the balances of assets measured at fair value on a recurring and non-recurring basis.

	Carrying Value			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2020:				
<i>Assets Measured on a Recurring Basis</i>				
Corporate bonds	\$ 169,213	\$ -	\$ -	\$ 169,213
Equities	973	-	-	973
Certificates of deposit	66,808	-	-	66,808
June 30, 2019:				
<i>Assets Measured on a Recurring Basis</i>				
Corporate bonds	\$ 74,904	\$ -	\$ -	\$ 74,904
Equities	674	-	-	674
Certificates of deposit	62,359	-	-	62,359

Bond funds and equities- valued at the closing price reported on the active market in which the individual securities are traded.

Certificates of deposit – valued at the closing price reported on the active market in which the individual securities are traded or valued based on yields currently available on comparable securities traded in active markets.

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

(14) PAYCHECK PROTECTION PROGRAM LOAN

During the year, the Organization obtained a Paycheck Protection Program loan in the amount of \$268,500 and elected to account for it as a conditional grant. As of June 30, 2020, the proceeds had been fully expended and the amount has been recognized as grant revenue since the conditions of the use of the loan had been substantially met and forgiveness is expected.

(15) SUBSEQUENT EVENTS

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through December 1, 2020, the date these financial statements were available to be issued.

As of December 1, 2020, the Organization is in the continuing process of implementing a risk mitigation strategy as to the impact of COVID-19 related to all aspects of the Organization's operations.



MONROE SHINE

KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

500 NORTH HURSTBOURNE PARKWAY, SUITE 150, LOUISVILLE, KENTUCKY 40222 • PHONE: 502.423.0311 • FAX: 502.339.7103

Independent Auditor's Report on Supplementary Information

Board of Directors

Big Brothers Big Sisters of Kentuckiana, Inc.

Louisville, Kentucky

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The June 30, 2020 and 2019 supplementary information presented on pages 20-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Monroe Shine

New Albany, Indiana

December 1, 2020

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION
YEAR ENDED JUNE 30, 2020

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES AND SUPPORT											
Metro United Way	\$ 122,627	\$ -	\$ 520	\$ -	\$ 12,350	\$ 81	\$ 6,000	\$ 260	\$ -	\$ -	\$ 141,838
Grants	534,228	17,512	10,260	10,960	63,488	11,619	-	6,445	5,000	-	659,512
Paycheck Protection Program loan	207,400	9,488	-	9,746	15,857	23,126	-	-	2,883	-	268,500
Contributions	405,325	23,035	3,112	9,138	20,869	10,850	150	-	-	-	472,479
Special events, net											
Bowl for Kids Sake	112,976	4,055	154	23,188	8,332	27,596	289	-	-	21,163	197,753
Other events	99,924	-	-	10,148	116	1,229	-	-	-	14,107	125,524
Investment return	6,807	-	-	-	-	-	-	-	-	-	6,807
Gifts in kind	67,836	-	-	425	2,717	303	-	-	-	-	71,281
Realized and unrealized gains (losses)	(5,383)	-	-	-	-	-	-	-	-	-	(5,383)
Branch dues	27,442	-	-	-	-	913	-	-	-	(28,355)	-
Total Revenues and Support	\$ 1,579,182	\$ 54,090	\$ 14,046	\$ 63,605	\$ 123,729	\$ 75,717	\$ 6,439	\$ 6,705	\$ 7,883	\$ 6,915	\$ 1,938,311

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED
YEAR ENDED JUNE 30, 2020

	<u>Jefferson</u>	<u>Oldham</u>	<u>Shelby</u>	<u>Harrison</u>	<u>Clark</u>	<u>Hardin</u>	<u>Nelson</u>	<u>Taylor</u>	<u>Grayson</u>	<u>Eliminations</u>	<u>Total</u>
	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>		
EXPENSES											
Salaries	\$ 900,199	\$ 39,561	\$ 6,175	\$ 39,143	\$ 48,383	\$ 93,555	\$ (22)	\$ 1	\$ 10,684	\$ 11,965	\$ 1,149,644
Employee benefits	77,327	4,692	646	5,796	3,254	8,413	4	-	1,139	-	101,271
Payroll taxes	77,604	4,113	557	3,793	4,237	9,031	3	-	873	-	100,211
Occupancy	15,920	-	-	-	-	6,000	-	-	-	-	21,920
Computer/Software	50,866	-	-	-	-	-	-	-	-	3,508	54,374
Insurance	27,109	792	368	1,084	2,903	2,467	-	-	209	-	34,932
Postage and shipping	4,935	46	-	367	95	137	-	-	-	75	5,655
Professional fees	49,532	-	-	-	356	-	-	-	-	-	49,888
Printing	3,692	-	-	264	31	640	-	-	-	-	4,627
National dues	20,378	535	262	1,324	1,744	1,980	39	58	392	-	26,712
Equipment rental and maintenance	10,718	-	-	-	-	152	-	-	-	-	10,870
Telephone	39,323	-	-	200	404	1,193	-	-	-	-	41,120
Staff training	1,503	-	-	-	-	-	-	-	-	-	1,503
Office supplies	3,114	-	-	-	61	220	-	-	-	19	3,414
Travel	11,747	616	77	1,409	1,132	2,040	50	-	32	2	17,105
Advertising	1,910	93	-	297	-	-	-	-	-	794	3,094
Conferences and meetings	1,824	-	-	-	75	286	-	-	-	286	2,471
Memberships and dues	3,057	150	167	48	423	130	-	-	92	-	4,067
Appreciation	-	-	-	-	-	-	-	-	-	59	59
Activities	10,615	-	-	181	1,537	212	-	-	-	1,097	13,642
Miscellaneous	4,822	146	8	201	484	380	5	-	-	2,284	8,330
Recruitment	15,991	152	173	-	477	516	-	-	32	-	17,341
Interest	262	-	-	-	-	205	-	-	-	-	467
Special events	12,825	-	-	1,197	-	85	-	-	-	-	14,107
Provision for uncollectible pledges	2,252	-	-	-	(100)	800	-	-	-	(766)	2,186
Gifts in kind	66,504	-	-	(200)	2,557	303	-	-	-	1,840	71,004
Depreciation and amortization	55,702	-	-	-	-	-	-	-	-	-	55,702
Branch dues	-	4,316	1,124	4,992	9,669	6,429	580	536	709	(28,355)	-
	1,469,731	55,212	9,557	60,096	77,722	135,174	659	595	14,162	(7,192)	1,815,716
Change in Net Assets	109,451	(1,122)	4,489	3,509	46,007	(59,457)	5,780	6,110	(6,279)	14,107	122,595
Net Assets (Deficit) at Beginning of Year	1,927,699	38,968	38,640	(28,374)	2,773	(15,987)	33,280	(11,775)	(19,094)	-	1,966,130
Net Assets (Deficit) at End of Year	\$ 2,037,150	\$ 37,846	\$ 43,129	\$ (24,865)	\$ 48,780	\$ (75,444)	\$ 39,060	\$ (5,665)	\$ (25,373)	\$ 14,107	\$ 2,088,725

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED
YEAR ENDED JUNE 30, 2019

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES AND SUPPORT											
Metro United Way	\$ 167,028	\$ -	\$ -	\$ -	\$ 13,000	\$ 44,591	\$ -	\$ 260	\$ 5,409	\$ -	\$ 230,288
Grants	1,017,483	11,945	625	6,571	49,936	33,142	-	-	6,896	-	1,126,598
Contributions	174,125	13,634	-	1,050	4,059	9,697	10	-	500	-	203,075
Special events, net											
Bowl for Kids Sake	157,596	(346)	-	17,903	13,695	27,499	-	-	2,645	36,779	255,771
Other events	165,409	-	(106)	27,210	5,076	5,857	-	-	-	24,367	227,813
Investment return	15,229	-	-	-	-	-	-	-	-	-	15,229
Gifts in kind	87,830	-	-	1,250	2,555	60	-	-	-	-	91,695
Realized and unrealized gains (losses)	-	-	-	-	-	-	-	-	-	-	-
Branch dues	23,529	-	-	-	-	706	-	-	-	(24,235)	-
Total Revenues and Support	\$ 1,808,229	\$ 25,233	\$ 519	\$ 53,984	\$ 88,321	\$ 121,552	\$ 10	\$ 260	\$ 15,450	\$ 36,911	\$ 2,150,469

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED
YEAR ENDED JUNE 30, 2019

	<u>Jefferson</u>	<u>Oldham</u>	<u>Shelby</u>	<u>Harrison</u>	<u>Clark</u>	<u>Hardin</u>	<u>Nelson</u>	<u>Taylor</u>	<u>Grayson</u>	<u>Eliminations</u>	<u>Total</u>
	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>		
EXPENSES											
Salaries	\$ 1,111,684	\$ 23,529	\$ 11,725	\$ 43,447	\$ 72,718	\$ 76,570	\$ 1,907	\$ 3,097	\$ 18,245	\$ 5,547	\$ 1,368,469
Employee benefits	87,749	2,109	771	3,716	4,874	4,910	80	65	1,421	-	105,695
Payroll taxes	99,579	2,425	1,071	3,976	6,177	7,848	155	120	1,517	257	123,125
Occupancy	17,279	(498)	498	-	-	9,923	-	-	-	-	27,202
Computer/Software	45,832	-	-	-	-	-	-	-	-	-	45,832
Insurance	26,167	1,000	105	1,251	2,826	2,364	17	28	307	-	34,065
Postage and shipping	5,264	46	14	-	75	85	-	-	-	13	5,497
Professional fees	56,742	-	-	-	-	-	-	-	-	-	56,742
Printing	11,459	45	-	384	404	1,097	-	-	36	2,669	16,094
National dues	15,785	403	227	547	772	1,162	24	15	141	-	19,076
Equipment rental and maintenance	13,600	-	-	-	-	754	-	-	-	-	14,354
Telephone	31,726	-	-	200	665	1,541	-	-	-	-	34,132
Staff training	1,591	-	-	-	(160)	100	-	-	-	-	1,531
Office supplies	5,172	-	-	68	24	69	-	-	-	97	5,430
Travel	20,150	1,249	454	4,394	3,695	3,689	-	-	228	16	33,875
Advertising	(632)	-	-	613	613	-	-	-	-	5,131	5,725
Conferences and meetings	10,505	-	-	213	1,195	1,466	-	-	225	1,807	15,411
Memberships and dues	3,355	-	80	45	422	130	-	-	108	-	4,140
Appreciation	34	-	-	55	58	-	-	-	-	2,464	2,611
Activities	24,189	-	-	14,951	1,075	167	-	-	-	32	40,414
Miscellaneous	1,689	127	-	99	375	358	-	-	-	6,535	9,183
Recruitment	25,761	219	56	129	894	415	24	3	10	-	27,511
Interest	483	-	-	-	-	273	-	-	-	-	756
Special events	-	-	-	-	-	-	-	-	-	24,367	24,367
Provision for uncollectible pledges	1,622	-	-	-	-	-	-	-	-	7,805	9,427
Gifts in kind	82,653	-	-	1,250	2,555	60	-	-	-	4,406	90,924
Depreciation and amortization	60,911	-	-	-	-	-	-	-	-	-	60,911
Branch dues	-	2,019	42	3,032	6,861	10,871	-	19	1,391	(24,235)	-
	<u>1,760,349</u>	<u>32,673</u>	<u>15,043</u>	<u>78,370</u>	<u>106,118</u>	<u>123,852</u>	<u>2,207</u>	<u>3,347</u>	<u>23,629</u>	<u>36,911</u>	<u>2,182,499</u>
Change in Net Assets	47,880	(7,440)	(14,524)	(24,386)	(17,797)	(2,300)	(2,197)	(3,087)	(8,179)	-	(32,030)
Net Assets (Deficit) at Beginning of Year	<u>1,879,819</u>	<u>46,408</u>	<u>53,164</u>	<u>(3,988)</u>	<u>20,570</u>	<u>(13,687)</u>	<u>35,477</u>	<u>(8,688)</u>	<u>(10,915)</u>	<u>-</u>	<u>1,998,160</u>
Net Assets (Deficit) at End of Year	<u>\$ 1,927,699</u>	<u>\$ 38,968</u>	<u>\$ 38,640</u>	<u>\$ (28,374)</u>	<u>\$ 2,773</u>	<u>\$ (15,987)</u>	<u>\$ 33,280</u>	<u>\$ (11,775)</u>	<u>\$ (19,094)</u>	<u>\$ -</u>	<u>\$ 1,966,130</u>

BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.
SCHEDULES OF REVENUE AND EXPENSES – BOWL FOR KIDS SAKE
YEARS ENDED JUNE 30, 2020 AND 2019

	2020									
	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Total</u>
Revenue	\$ 138,452	\$ 4,222	\$ 162	\$ 24,271	\$ 8,783	\$ 30,603	\$ 294	\$ -	\$ -	\$ 206,787
Expenses										
Cost of direct benefits to donors	4,811	149	-	780	166	3,128	-	-	-	9,034
Other expenses	20,665	18	8	303	285	(121)	5	-	-	21,163
Excess revenue over expenses	<u>\$ 112,976</u>	<u>\$ 4,055</u>	<u>\$ 154</u>	<u>\$ 23,188</u>	<u>\$ 8,332</u>	<u>\$ 27,596</u>	<u>\$ 289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,590</u>
	2019									
	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Total</u>
Revenue	\$ 205,443	\$ 675	\$ -	\$ 21,566	\$ 16,893	\$ 32,552	\$ -	\$ -	\$ 3,040	\$ 280,169
Expenses										
Cost of direct benefits to donors	15,119	995	-	2,626	2,032	3,438	-	-	188	24,398
Other expenses	32,728	26	-	1,037	1,166	1,615	-	-	207	36,779
Excess revenue over expenses	<u>\$ 157,596</u>	<u>\$ (346)</u>	<u>\$ -</u>	<u>\$ 17,903</u>	<u>\$ 13,695</u>	<u>\$ 27,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,645</u>	<u>\$ 218,992</u>