

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

FINANCIAL STATEMENTS

December 31, 2020 and 2019

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

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INDEPENDENT AUDITOR'S REPORT

September 15, 2021

To the Board of Directors
Big Brothers Big Sisters of Metropolitan Detroit

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Metropolitan Detroit (the "Organization", a Michigan non-profit Corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, as well as the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Metropolitan Detroit as of December 31, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 the Organization 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

The Organization's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 any conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

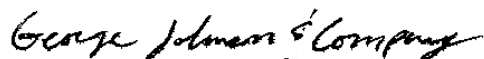
Auditor's Responsibilities for the Audit of the Financial Statements

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 U.S. GAAS:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we 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.
- We 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.
- We conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization'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 findings, and certain internal control-related matters that we identified during the audit.



CERTIFIED PUBLIC ACCOUNTANTS
Detroit, Michigan

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 508,572	\$ 244,673
Pledges receivable – current portion (Note C)	89,293	55,183
Prepaid expenses	7,771	8,953
	<u>605,636</u>	<u>308,809</u>
Total Current Assets		
Other Assets:		
Pledges receivable (net of current portion) (Note C)	30,000	-0-
Office furniture and equipment (net of accumulated depreciation of \$28,906 and \$27,636 in 2020 and 2019, respectively)	2,540	3,810
Security deposits	4,813	4,566
	<u>37,353</u>	<u>8,376</u>
Total Other Assets		
	<u>37,353</u>	<u>8,376</u>
Total Assets	<u><u>\$ 642,989</u></u>	<u><u>\$ 317,185</u></u>

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 66,626	\$ 34,864
Accrued payroll and other liabilities	76,510	52,012
Pension liability – current portion (Note F)	75,000	-0-
Deferred revenue	10,000	-0-
Security deposits received – current portion	400	-0-
	<u>228,536</u>	<u>86,876</u>
Total Current Liabilities		
Long-Term Liabilities:		
Pension liability (net of current portion) (Note F)	-0-	75,000
Security deposits received (net of current portion)	-0-	400
	<u>-0-</u>	<u>75,400</u>
Total Long-Term Liabilities		
	<u>228,536</u>	<u>162,276</u>
Total Liabilities		
Net Assets (Deficit):		
Net assets (deficit) without donor restrictions	221,253	(110,191)
Net assets with donor restrictions (Note B)	193,200	265,100
	<u>414,453</u>	<u>154,909</u>
Total Net Assets		
	<u>\$ 642,989</u>	<u>\$ 317,185</u>
Total Liabilities and Net Assets		

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Individual contributions	\$ 173,741	\$ -0-	\$ 173,741	\$ 90,604	\$ -0-	\$ 90,604
Foundation and other contributions	780,241	193,200	973,441	440,632	265,100	705,732
Special events (net of direct expenses) (Note D)	239,713		239,713	358,744		358,744
In-kind contributions (Note H)	52,077		52,077	66,000		66,000
Other revenue	44,316		44,316	33,055		33,055
Net assets released from restrictions (Note B)	265,100	(265,100)	-0-	329,718	(329,718)	-0-
Total Revenue	1,555,188	(71,900)	1,483,288	1,318,753	(64,618)	1,254,135
Expenses:						
Program services	937,865		937,865	996,412		996,412
Supporting services:						
Management and general	103,474		103,474	157,259		157,259
Fund raising	182,405		182,405	187,681		187,681
Total Supporting Services	285,879	-0-	285,879	344,940	-0-	344,940
Total Expenses	1,223,744	-0-	1,223,744	1,341,352	-0-	1,341,352
Excess (Deficiency) of Revenue over Expenses	331,444	(71,900)	259,544	(22,599)	(64,618)	(87,217)
Other Changes in Net Assets:						
Gain on settlement of pension liability (Note F)			-0-	364,653		364,653
Change in Net Assets	331,444	(71,900)	259,544	342,054	(64,618)	277,436
Net Assets (Deficit), Beginning of Year	(110,191)	265,100	154,909	(452,245)	329,718	(122,527)
Net Assets (Deficit), End of Year	\$ 221,253	\$ 193,200	\$ 414,453	\$ (110,191)	\$ 265,100	\$ 154,909

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

**For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	2020				Total Expenses	
	Supporting Services				2020	2019
	Program Services	Management and General	Fund Raising	Total Supporting Services		
Employee Compensation:						
Salaries and wages	\$ 525,750	\$ 44,919	\$ 122,189	\$ 167,108	\$ 692,858	\$ 727,063
Employee benefits	42,873	1,550	8,196	9,746	52,619	66,826
Pension cost					-0-	2,805
Payroll taxes	45,107	2,065	6,802	8,867	53,974	53,551
Total Employee Compensation	613,730	48,534	137,187	185,721	799,451	850,245
Other Expenses:						
Occupancy	69,435	3,770	4,917	8,687	78,122	79,155
Telephone	3,745	3,606	604	4,210	7,955	11,719
Professional services	122,928	24,267	22,400	46,667	169,595	168,315
Office supplies	1,988	1,881	35	1,916	3,904	3,830
Transportation and travel	604	1,400		1,400	2,004	6,711
Professional liability insurance	23,236	1,293	2,815	4,108	27,344	28,107
Postage and shipping			1,996	1,996	1,996	1,424
Meetings, conferences, and training	3,953	631	153	784	4,737	5,625
Community and site-based program expenses	32,194	326	1,081	1,407	33,601	82,810
Outside printing and copying		76		76	76	1,313
Equipment repairs and maintenance	10,300	1,705		1,705	12,005	5,728
National dues	20,817				20,817	19,097
Scholarships	4,000				4,000	4,000
Recruitment and public relations	2,979	3,329	2,452	5,781	8,760	17,902
Memberships and subscriptions	8,033	2,556		2,556	10,589	2,107
Equipment lease and purchases	12,546	7,366	1,318	8,684	21,230	17,698
Interest and bank service charges	792	2,276	7,256	9,532	10,324	11,773
Employment costs	557	169		169	726	4,565
Security check fees	5,076				5,076	6,159
Depreciation (Note A)	952	127	191	318	1,270	1,270
Miscellaneous expenses		162		162	162	11,799
Total Expenses	\$ 937,865	\$ 103,474	\$ 182,405	\$ 285,879	\$ 1,223,744	\$ 1,341,352

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
Employee Compensation:					
Salaries and wages	\$ 523,365	\$ 76,790	\$ 126,908	\$ 203,698	\$ 727,063
Employee benefits	52,623	4,390	9,813	14,203	66,826
Pension cost	2,805				2,805
Payroll taxes	38,205	4,993	10,353	15,346	53,551
Total Employee Compensation	616,998	86,173	147,074	233,247	850,245
Other Expenses:					
Occupancy	70,174	1,978	7,003	8,981	79,155
Telephone	6,464	4,311	944	5,255	11,719
Professional services	119,263	31,523	17,529	49,052	168,315
Office supplies	715	2,238	877	3,115	3,830
Transportation and travel	3,552	2,787	372	3,159	6,711
Professional liability insurance	23,578	1,524	3,005	4,529	28,107
Postage and shipping	148	852	424	1,276	1,424
Meetings, conferences, and training	931	3,252	1,442	4,694	5,625
Community and site-based program expenses	80,991	551	1,268	1,819	82,810
Outside printing and copying	552	353	408	761	1,313
Equipment repairs and maintenance	4,914	661	153	814	5,728
National dues	19,097				19,097
Scholarships	4,000				4,000
Recruitment and public relations	12,608	2,834	2,460	5,294	17,902
Memberships and subscriptions	1,167	757	183	940	2,107
Equipment lease and purchases	9,172	4,255	4,271	8,526	17,698
Interest and bank service charges	11,541	224	8	232	11,773
Employment costs	3,436	1,060	69	1,129	4,565
Security check fees	6,159				6,159
Depreciation (Note A)	952	127	191	318	1,270
Miscellaneous expenses		11,799		11,799	11,799
Total Expenses	\$ 996,412	\$ 157,259	\$ 187,681	\$ 344,940	\$ 1,341,352

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 259,544	\$ 277,436
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,270	1,270
Gain on settlement of pension liability	-0-	(364,653)
Change in:		
Pledges receivable	(64,110)	162,647
Prepaid expenses	1,182	(7,988)
Security deposits	(247)	(500)
Accounts payable	31,762	17,254
Accrued payroll and other liabilities	24,498	13,030
Deferred revenue	10,000	(1,500)
	<u>263,899</u>	<u>96,996</u>
Net Cash Flows from Operating Activities	263,899	96,996
Change in Cash and Cash Equivalents	263,899	96,996
Cash and Cash Equivalents, Beginning of Year	<u>244,673</u>	<u>147,677</u>
Cash and Cash Equivalents, End of Year	<u>\$ 508,572</u>	<u>\$ 244,673</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 2,221</u>	<u>\$ 53</u>

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Big Brothers Big Sisters of Metropolitan Detroit (the “Organization”), a member agency of Big Brothers Big Sisters of America (“BBBS of America”), is a Michigan non-profit Corporation organized to establish and strengthen an increasing number of mentoring relationships between adult volunteers and at-risk children in the metropolitan Detroit area. The Organization’s principal program models are the community-based and site-based mentoring programs. Targeted initiatives within these program models include community-based mentoring, site-based mentoring, and Sports Buddies. Revenue is derived principally from contributions.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Tax-Exempt Status

The Organization has been classified by the Internal Revenue Service (“IRS”) as a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (“IRC”). Additionally, the Organization has been classified by the IRS as an organization that is not a private foundation. The Organization’s management is not aware of any uncertain tax positions or unrecognized tax benefits as of December 31, 2020 or 2019.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term securities with original maturities of three months or less to be cash equivalents.

Office Furniture and Equipment

Office furniture and equipment are carried at cost or, if donated, at their estimated fair values at the time of the donation, net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from three to five years. The Organization's policy is to capitalize acquisitions of \$5,000 or more.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that attributable to one or more program or supporting functions of the Organization. Expenses are charge directly to each functional area or allocated based on either estimated square footage or time incurred by employees for each respective functional area.

Recognition of Contributions

Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. The Organization reports contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 are reported in the statements of activities as net assets released from restrictions. Conditional promises to give are not recorded as support until the conditions are substantially met, at which time the contributions become unconditional.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is measured based upon the consideration specified in a contract with a customer at the time when the related performance obligation is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the customer. The Organization recognizes revenue when a performance obligation is satisfied by transferring control over a product or service to a customer. For program service fees, which total \$34,511 and \$22,062 for the years ended December 31, 2020 and 2019, respectively, and are included in other revenue in the accompanying statements of activities, the Organization has determined control to be transferred over time as the service is provided to the customer.

Fair Value Measurements

The Organization uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy, based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

As of December 31, 2020 and 2019, the Organization does not have any financial assets or liabilities subject to being classified in any of the above categories.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, and pledges receivable.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed the federally insured limit of \$250,000 per depositor at each financial institution. Cash and cash equivalents on deposit in excess of the federally insured limit as of December 31, 2020 approximated \$235,000. Pledges receivable are due from various individuals and organizations located primarily in southeastern Michigan.

Reclassifications

Certain reclassifications have been made to the accompanying financial statements as of, and for the year ended, December 31, 2019 to conform to classifications used as of, and for the year ended, December 31, 2020.

Subsequent Events

The Organization's management has evaluated subsequent events through September 15, 2021, the date that the accompanying financial statements were available to be issued.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE B — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as of December 31, 2020 and 2019 for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Restricted for specific purposes:		
Mentoring programs funded by:		
Ally Financial	\$ -0-	\$ 30,000
BBBS of America:		
Comcast	62,600	47,600
National Football League	30,600	-0-
FCA Foundation	100,000	150,000
	<u>193,200</u>	<u>227,600</u>
Restricted for use in future periods	<u>-0-</u>	<u>37,500</u>
	<u>\$ 193,200</u>	<u>\$ 265,100</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Mentoring programs funded by:		
McGregor Fund	\$ -0-	\$ 27,000
Skillman Foundation	-0-	175,000
Flagstar Foundation	-0-	13,091
Ally Financial	30,000	13,377
BBBS of America:		
Comcast	47,600	20,000
FCA Foundation	150,000	41,250
	<u>227,600</u>	<u>289,718</u>
Time restrictions expired by passage of specified time	<u>37,500</u>	<u>40,000</u>
	<u>\$ 265,100</u>	<u>\$ 329,718</u>

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE C — PLEDGES RECEIVABLE

Pledges receivable consist of the following unconditional promises to give as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 89,293	\$ 55,183
One to five years	<u>30,000</u>	<u>-0-</u>
	<u>\$ 119,293</u>	<u>\$ 55,183</u>

No allowance for doubtful pledges is considered necessary. Management did not record a discount on long-term pledges receivable as of December 31, 2020, as the discount was not considered material to the financial statements.

NOTE D — FUND RAISING SPECIAL EVENTS

Revenue and direct expenses from fund raising special events for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Revenue</u>	<u>Direct Expenses</u>	<u>Net Proceeds</u>	<u>Revenue</u>	<u>Direct Expenses</u>	<u>Net Proceeds</u>
Bowl for Kids' Sake	\$ 114,356	\$ 3,430	\$ 110,926	\$ 229,524	\$ 10,986	\$ 218,538
The Great Big Auction	140,449	32,981	107,468	166,705	39,457	127,248
The Big Event			-0-	18,573	7,147	11,426
Other fund raising events	<u>21,457</u>	<u>138</u>	<u>21,319</u>	<u>2,701</u>	<u>1,169</u>	<u>1,532</u>
	<u>\$ 276,262</u>	<u>\$ 36,549</u>	<u>\$ 239,713</u>	<u>\$ 417,503</u>	<u>\$ 58,759</u>	<u>\$ 358,744</u>

NOTE E — LEASES

The Organization leases office facilities and equipment under operating leases expiring on various dates through 2023.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE E — LEASES (CONTINUED)

As of December 31, 2020, future minimum lease payments are as follows:

For the Years Ending December 31:	
2021	\$ 28,462
2022	7,793
2023	<u>1,720</u>
Total Minimum Lease Payments	<u>\$ 37,975</u>

Rental expense for the years ended December 31, 2020 and 2019 was \$80,811 and \$78,593, respectively.

NOTE F — PENSION PLANS

In September 2007, the Organization approved a plan to disaffiliate from the plan administered by the United Way for Southeastern Michigan (“UWSEM”). UWSEM was notified of this decision in October 2007. On December 31, 2007, the Employee Benefits Plan of Big Brothers Big Sisters of Metropolitan Detroit (the “Plan”) was established.

On September 14, 2018, the Organization filed for a distress termination of the Plan with the Pension Benefit Guaranty Corporation (“PBGC”). A settlement agreement was accepted by both parties as of October 7, 2019, and the PBGC assumed the liabilities and assets of the Plan.

The PBGC had issued a notice estimating the Plan’s unfunded benefit liabilities as follows: (i) unfunded benefit liabilities of \$569,013, (ii) due and unpaid minimum funding contribution of \$87,129, and (iii) termination premiums of \$21,250 per year for each of the next three years, for total estimated liabilities of \$719,892 as of the termination date. The PBGC agreed to accept \$75,000 from the Organization as full settlement, for which the pension liability has been adjusted accordingly. This adjustment resulted in a settlement gain of \$364,653 for the year ended December 31, 2019. The settlement liability was scheduled to be paid in five annual installments of \$15,000, commencing on March 1, 2021. The Organization repaid the pension liability in full on September 15, 2021.

The Organization has also established a voluntary tax-deferred annuity plan under IRC section 403(b) covering substantially all employees. There is no provision for employer contributions under this plan.

BIG BROTHERS BIG SISTERS OF METROPOLITAN DETROIT
(A Michigan Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE G — CONDITIONAL PROMISES TO RECEIVE

Conditional promises to receive are recognized when the conditions on which they depend are substantially met. The Organization has conditional promises to receive as of December 31, 2020 that are conditioned on the following stipulations:

Incurring qualifying expenditures in compliance with specific contingencies of approved programs	<u>\$ 47,500</u>
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NOTE H — IN-KIND CONTRIBUTIONS

The Organization receives donated goods and services for which values are assigned at the time of receipt. The fair value of these goods and services has been recognized in the statements of activities as revenue and expense because the criteria for recognition have been satisfied. The assigned value of these donated goods and services during the years ended December 31, 2020 and 2019 were \$52,077 and \$66,000, respectively.

NOTE I — LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has the following financial assets available for general expenditures within one year as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 508,572	\$ 244,673
Pledges receivable – current portion	<u>89,293</u>	<u>55,183</u>
Total Financial Assets	597,865	299,856
Less:		
Assets restricted by donors for specific purposes	<u>(193,200)</u>	<u>(227,600)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 404,665</u>	<u>\$ 72,256</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE I — LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Organization has certain donor-restricted assets that are designated for future program expenditures. Therefore, these assets are not considered to be available for general expenditures within the next year. The Organization has a policy to manage its liquidity following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization works to structure its financial assets to be available as general expenditures and other obligations become due.

NOTE J — CONTINGENCIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date that the accompanying financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. The Organization’s operations are heavily dependent on private and public donations from individuals, foundations, and corporations. The COVID-19 outbreak may have a continued impact on economic and market conditions.

As of the date of issuance of the financial statements, the Organization’s operations have not been significantly impacted, but the Organization’s management continues to monitor the situation.

NOTE K — NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, in February 2016. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases: finance leases, which are to be accounted for in substantially the same manner as the existing accounting for capital leases, and operating leases, which are to be accounted for (both in the statement of activities and the statement of cash flows) in a manner consistent with existing accounting for operating leases. ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE K — NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

ASU 2016-02 applies to the Organization's financial statements for the year ending December 31, 2022, with earlier implementation permitted. The Organization's management has not determined the impact on its financial statements as a result of implementing ASU 2016-02.

The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in September 2020. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash and other financial assets in the statement of activities. This ASU also requires expanded disclosures regarding the types, uses, policies, valuation techniques, and donor restrictions related to contributed nonfinancial assets. ASU 2020-07 applies to the Organization's financial statements for the year ending December 31, 2022, with earlier implementation permitted, and is to be applied retrospectively. The Organization's management has not determined the impact on its financial statements as a result of implementing ASU 2020-07.