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***BIG BROTHERS BIG SISTERS OF  
EASTERN MISSOURI AND AFFILIATES***  
*CONSOLIDATED FINANCIAL STATEMENTS*  
*DECEMBER 31, 2020*

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**Big Brothers  
Big Sisters®**

EASTERN MISSOURI

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## Independent Auditors' Report

Board of Directors  
Big Brothers Big Sisters of Eastern Missouri  
St. Louis, Missouri

### Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Big Brothers Big Sisters of Eastern Missouri and affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility For The Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*RubinBrown LLP*

June 15, 2021

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,988,958	\$ 1,463,306
Promises to give (Note 3)	1,434,613	2,039,476
Grants receivable (Note 2)	636,421	319,612
Other receivables	44,231	64,735
Prepaid expenses	3,992	3,916
Other assets	10,324	12,488
Investments (Note 4)	2,599,441	2,664,716
Investment in 501 North Grand Condominium Association (Note 2)	138,440	116,812
Property and equipment, net (Notes 5, 7, 8 and 9)	11,026,672	11,420,792
Note receivable (Note 6)	2,689,000	2,689,000
Assets restricted for permanent investment (Notes 4 and 10)	55,472	55,472
<b>Total Assets</b>	<b>\$ 20,627,564</b>	<b>\$ 20,850,325</b>

**Liabilities And Net Assets**

<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 228,093	\$ 221,012
Deferred revenue	749	3,365
Capital lease obligations (Note 8)	2,608	19,046
Debt (Note 9)	3,965,000	4,090,000
<b>Total Liabilities</b>	<b>4,196,450</b>	<b>4,333,423</b>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated, available for operations	5,184,157	4,042,739
Invested in note and interest receivable	2,689,000	2,689,000
Invested in property and equipment, net	7,059,064	7,302,591
Total without donor restrictions	14,932,221	14,034,330
With donor restrictions (Note 10)	1,498,893	2,482,572
<b>Total Net Assets</b>	<b>16,431,114</b>	<b>16,516,902</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 20,627,564</b>	<b>\$ 20,850,325</b>

# BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

## CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Years Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support</b>						
Contributions (Notes 13 and 15)	\$ 1,232,280	\$ 927,992	\$ 2,160,272	\$ 714,346	\$ 1,588,085	\$ 2,302,431
United Way allocation	—	397,355	397,355	682	500,253	500,935
Grants	2,094,719	—	2,094,719	1,791,540	—	1,791,540
In-kind contributions (Note 2)	30,642	76,200	106,842	212,161	—	212,161
Special events (net of direct expenses of \$0 and \$33,022 in 2020 and 2019, respectively)	78,265	—	78,265	120,168	—	120,168
<b>Total Public Support</b>	<b>3,435,906</b>	<b>1,401,547</b>	<b>4,837,453</b>	<b>2,838,897</b>	<b>2,088,338</b>	<b>4,927,235</b>
<b>Revenues And Gains (Losses)</b>						
Contract services - Amachi Initiative (Note 13)	20,400	—	20,400	20,399	—	20,399
Net investment income (Note 4)	99,845	2,485	102,330	379,383	3,107	382,490
Loss (gain) on equity method investment (Note 2)	21,628	—	21,628	(5,568)	—	(5,568)
Rental income (Note 12)	147,623	—	147,623	141,226	—	141,226
Anew revenue	2,778	—	2,778	116,970	—	116,970
<b>Total Revenues And Gains (Losses)</b>	<b>292,274</b>	<b>2,485</b>	<b>294,759</b>	<b>652,410</b>	<b>3,107</b>	<b>655,517</b>
<b>Total Public Support, Revenues And Gains (Losses)</b>	<b>3,728,180</b>	<b>1,404,032</b>	<b>5,132,212</b>	<b>3,491,307</b>	<b>2,091,445</b>	<b>5,582,752</b>
<b>Net Assets Released From Restrictions (Note 10)</b>	<b>2,387,711</b>	<b>(2,387,711)</b>	<b>—</b>	<b>2,210,022</b>	<b>(2,210,022)</b>	<b>—</b>
<b>Total Public Support, Revenues And Gains (Losses)</b>	<b>6,115,891</b>	<b>(983,679)</b>	<b>5,132,212</b>	<b>5,701,329</b>	<b>(118,577)</b>	<b>5,582,752</b>
<b>Expenses</b>						
Mentoring program	4,308,155	—	4,308,155	4,259,973	—	4,259,973
General and administrative	706,084	—	706,084	841,104	—	841,104
Fundraising	567,381	—	567,381	552,943	—	552,943
Volunteer mentor recruitment	294,380	—	294,380	369,762	—	369,762
<b>Total Expenses</b>	<b>5,876,000</b>	<b>—</b>	<b>5,876,000</b>	<b>6,023,782</b>	<b>—</b>	<b>6,023,782</b>
<b>Increase (Decrease) In Net Assets From Operations</b>	<b>239,891</b>	<b>(983,679)</b>	<b>(743,788)</b>	<b>(322,453)</b>	<b>(118,577)</b>	<b>(441,030)</b>
<b>Forgiveness Of Paycheck Protection Program Loan (Note 2)</b>	<b>658,000</b>	<b>—</b>	<b>658,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Increase (Decrease) In Net Assets</b>	<b>897,891</b>	<b>(983,679)</b>	<b>(85,788)</b>	<b>(322,453)</b>	<b>(118,577)</b>	<b>(441,030)</b>
<b>Net Assets - Beginning Of Year</b>	<b>14,034,330</b>	<b>2,482,572</b>	<b>16,516,902</b>	<b>14,356,783</b>	<b>2,601,149</b>	<b>16,957,932</b>
<b>Net Assets - End Of Year</b>	<b>\$ 14,932,221</b>	<b>\$ 1,498,893</b>	<b>\$ 16,431,114</b>	<b>\$ 14,034,330</b>	<b>\$ 2,482,572</b>	<b>\$ 16,516,902</b>

# BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Years Ended December 31,

	2020					2019				
	Mentoring Program	General And Administrative	Fundraising	Volunteer Mentor Recruitment	Total	Mentoring Program	General And Administrative	Fundraising	Volunteer Mentor Recruitment	Total
Salaries	\$ 2,461,624	\$ 386,190	\$ 327,356	\$ 184,110	\$ 3,359,280	\$ 2,318,300	\$ 445,251	\$ 301,707	\$ 219,261	\$ 3,284,519
Payroll taxes	180,672	28,345	24,027	13,513	246,557	171,793	32,995	22,357	16,248	243,393
Employee benefits	415,444	65,177	55,247	31,072	566,940	356,463	68,462	46,391	33,714	505,030
Amachi Initiative*	18,000	—	18,000	—	36,000	19,046	—	19,045	—	38,091
Background checks	8,884	—	—	—	8,884	16,074	—	—	—	16,074
Bad debts	—	—	8,260	—	8,260	—	—	13,544	—	13,544
Conferences and travel	22,584	360	4,120	172	27,236	31,444	1,124	17,844	553	50,965
Depreciation and amortization	290,220	45,531	38,595	21,706	396,052	301,610	57,927	39,252	28,526	427,315
Equipment repairs	9,756	1,531	1,298	730	13,315	12,322	2,366	1,603	1,165	17,456
In-kind materials (Note 2)	106,842	—	—	—	106,842	212,161	—	—	—	212,161
Insurance	60,322	2,273	1,863	1,048	65,506	57,694	2,477	1,678	1,220	63,069
Interest (Notes 8 and 9)	40,500	7,854	6,658	3,744	58,756	47,766	9,174	6,216	4,518	67,674
Mileage	5,105	285	257	273	5,920	19,150	833	1,779	2,532	24,294
Miscellaneous	13,361	8,941	1,962	271	24,535	16,148	20,083	12,685	1,527	50,443
Occupancy	253,853	39,826	33,758	18,986	346,423	238,721	45,849	31,068	22,578	338,216
Organization dues	69,778	27,433	—	—	97,211	49,947	23,961	—	—	73,908
Postage	5,694	740	—	—	6,434	8,625	1,352	—	—	9,977
Printing	52,294	7,547	3,597	10,553	73,991	83,231	35,147	2,262	25,193	145,833
Professional fees:										
Accounting	—	48,407	—	—	48,407	—	51,810	—	—	51,810
Lobbying	8,200	—	27,800	—	36,000	18,000	—	18,000	—	36,000
Other	111,953	25,792	6,232	3,505	147,482	145,616	27,966	7,803	5,671	187,056
Supplies and office	4,039	634	537	302	5,512	18,903	3,630	2,460	1,788	26,781
Telephone	21,349	3,349	2,839	1,597	29,134	18,058	3,468	2,350	1,708	25,584
Utilities	37,408	5,869	4,975	2,798	51,050	37,641	7,229	4,899	3,560	53,329
Volunteer activities	110,273	—	—	—	110,273	61,260	—	—	—	61,260
	<b>\$ 4,308,155</b>	<b>\$ 706,084</b>	<b>\$ 567,381</b>	<b>\$ 294,380</b>	<b>\$ 5,876,000</b>	<b>\$ 4,259,973</b>	<b>\$ 841,104</b>	<b>\$ 552,943</b>	<b>\$ 369,762</b>	<b>\$ 6,023,782</b>

\* Expenses include lobbying (\$36,000 for both 2020 and 2019), conferences and travel (\$1,200 for 2019) and printing (\$891 for 2019).

# BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

## CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2020	2019
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (85,788)	\$ (441,030)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Bad debt expense	8,260	13,544
Depreciation and amortization	396,052	427,315
Imputed interest on capital lease obligations	1,133	2,891
Loss on disposal of fixed assets	167	—
Realized losses on investments	86,544	24,533
Unrealized gains on investments	(86,317)	(282,595)
Loss (gain) on equity method investment	(21,628)	5,568
Changes in assets and liabilities:		
Promises to give	543,103	238,323
Grants receivable	(316,809)	61,209
Prepaid expenses	(76)	8,029
Other receivables	20,504	43,781
Other assets	2,164	(5,809)
Accounts payable and accrued expenses	16,236	(5,873)
Deferred revenue	(2,616)	(33,425)
<b>Net Cash Provided By Operating Activities</b>	<b>560,929</b>	<b>56,461</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(11,254)	(157,562)
Proceeds from sale of investments	444,611	1,215,239
Purchases of investments	(379,563)	(821,958)
<b>Net Cash Provided By Investing Activities</b>	<b>53,794</b>	<b>235,719</b>
<b>Cash Flows From Financing Activities</b>		
Collection of contributions restricted for capital campaign	53,500	143,936
Repayment of debt borrowings	(125,000)	(150,000)
Principal payments on capital lease obligations	(17,571)	(23,120)
<b>Net Cash Used In Financing Activities</b>	<b>(89,071)</b>	<b>(29,184)</b>
<b>Net Increase In Cash And Cash Equivalents</b>	<b>525,652</b>	<b>262,996</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>1,463,306</b>	<b>1,200,310</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 1,988,958</b>	<b>\$ 1,463,306</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Property and equipment acquisitions, to be paid with insurance proceeds included in other receivables and accounts payable (Note 5)	\$ —	\$ 9,155
Interest paid	57,623	64,783



# **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2020 And 2019**

### **1. Organization And Operations**

Big Brothers Big Sisters of Eastern Missouri (BBBSEMO) is a not-for-profit corporation organized to promote the welfare of children and to advance and promote public interest in children. BBBSEMO accomplishes this by providing professionally screened volunteers to serve as positive role models in one-to-one friendships with youth ages 5 to 25. BBBSEMO was founded locally in 1914 and serves youth residing in St. Louis City, St. Louis County, St. Charles County, Jefferson County, Scott County and Cape Girardeau and has offices in St. Louis City, St. Charles and Cape Girardeau.

Mentor Missouri, Inc. (Mentor Missouri) is a not-for-profit corporation formed by BBBSEMO on July 5, 2007, to promote and support the charitable activities of BBBSEMO. Mentor Missouri acts as a financial conduit for BBBSEMO to make investments which promote BBBSEMO's efforts to foster youth mentoring, as described in Note 14.

ABCToday Inc. (ABCToday) was formed by BBBSEMO on January 5, 2015, to promote, advance, and support education and educational outcomes for youth. ABCToday had no activity during 2020 or 2019.

BBBSEMO's primary sources of revenue are contributions and grants.

In addition, BBBSEMO is the recipient of a number of awards, including the following:

- For eight years, 2013 to 2020, BBBSEMO has been named a Gold Standard Agency in recognition of demonstrated exemplary achievement and quality outcomes for the children and families served. This is an elite distinction achieved by only a small number of BBBS agencies.
- In 2018, BBBSEMO was named Agency of the Year by Big Brothers Big Sisters of America, BBBSEMO's umbrella organization, which is made up of 230 agencies nationwide. BBBSEMO is one of the larger affiliates among Big Brothers Big Sisters agencies and one of the first affiliates to offer a comprehensive support model from ages 5 to 25.

# **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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Notes To Consolidated Financial Statements (*Continued*)

## **2. Summary Of Significant Accounting Policies**

### **Principles Of Consolidation**

The accompanying consolidated financial statements include the accounts of BBBSEMO and its affiliates, Mentor Missouri and ABCToday (collectively, the Organization). Mentor Missouri and ABCToday are consolidated as a result of common control and economic interest by BBBSEMO. All significant inter-entity investments, transactions and account balances have been eliminated in consolidation.

### **Basis Of Accounting**

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

### **Basis Of Presentation**

Consolidated financial statement presentation follows guidance set forth by generally accepted accounting principles for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

### **Estimates And Assumptions**

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

### **Operating And Non-Operating Activity**

Operating results in the consolidated statement of activities reflect all transactions except the forgiveness of the Paycheck Protection Program loan.

### **Cash And Cash Equivalents**

Cash and cash equivalents include highly liquid short-term investments with original maturities of three months or less.

## **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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### Notes To Consolidated Financial Statements (*Continued*)

The Organization maintains cash and cash equivalents at financial institutions with strong credit ratings. At times, such investments may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000 per financial institution. At December 31, 2020, cash and cash equivalents in excess of FDIC insurance limits approximated \$381,000.

#### **Promises To Give And Grants Receivable**

Promises to give and grants receivable are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. Management believes that no valuation allowances are necessary for promises to give or grants receivable at December 31, 2020 or 2019.

#### **Investments**

Investments are reported at fair value. The fair values of securities are based on quoted market prices on national exchanges. Investments for which quoted market prices are not available are carried at estimated realizable values as determined by the investment manager and reviewed by management. Gains and losses on sales of investments are determined on the average cost method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

#### **Investment In 501 North Grand Condominium Association**

BBBSEMO is a member of 501 North Grand Condominium Association, an entity established to manage, operate and maintain the building. This investment is carried at cost adjusted for BBBSEMO's share of earnings or losses subsequent to acquisition (i.e. the equity method).

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

The following is a summary of selected financial information for this entity:

	As Of December 31, 2020			As Of December 31, 2019		
	Total Assets	Total Liabilities	Total Equity	Total Assets	Total Liabilities	Total Equity
501 North Grand Condominium Association	\$ 197,063	\$ 56,564	\$ 140,499	\$ 199,923	\$ 88,999	\$ 110,924

	For The Years Ended December 31,						
	2020			2019			
Ownership Interest	Revenues	Net Income	Allocated Share Of Income	Revenues	Net Loss	Allocated Share Of Loss	
501 North Grand Condominium Association	73.13%	\$ 241,811	\$ 29,575	\$ 21,628	\$ 196,310	\$ (7,614)	\$ (5,568)

**Property And Equipment**

Property and equipment acquired in excess of \$2,000 are carried at cost if purchased or fair value at date of donation, less accumulated depreciation and amortization computed using the straight-line method over the following estimated useful lives:

Building	40 years
Building improvements	30 years
Computer equipment	3 - 7 years
Software	5 years
Furniture and fixtures	7 - 15 years

Assets held under capital leases are recorded at the lesser of the net present value of the minimum lease payments or the fair value of the leased assets at the inception of the lease. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

The Organization incurred no costs in the development of the ABC Intelligence tool during the year ended December 31, 2020 or 2019. The Organization expenses all development costs incurred until technological feasibility has been established, which has not occurred as of December 31, 2020.

## **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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### Notes To Consolidated Financial Statements (*Continued*)

#### **Note Receivable**

Note receivable is stated at the amount management expects to collect from balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of the note. Management's periodic evaluation of the adequacy of the allowance is based on the note's past performance, known and other inherent risks, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Balances still outstanding after management has used reasonable collection efforts will be written off through a charge to the valuation allowance and a credit to note receivable. Based on management's assessment of its credit history and current relationship with the borrower, management does not believe an allowance is necessary as of December 31, 2020 or 2019.

#### **Donated Services And Facilities**

The donated use of facilities and donated materials are recorded at fair value at the date of donation.

The Organization periodically receives materials, including supplies and tickets to cultural and sporting events, which are used in the mentoring program. The fair values of donated materials totaled \$106,842 and \$212,161 in 2020 and 2019, respectively, and are included in in-kind materials on the consolidated statement of functional expenses.

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are performed by individuals possessing these skills, and would typically need to be purchased if not provided by donation. No donated services were received in 2020 or 2019.

The Organization generates numerous volunteer hours each year that add a dimension to the quality of life for individuals served by the Organization over and above the amount provided by salaried personnel. These donated services have not been recognized as contributions in the consolidated financial statements since the aforementioned recognition criteria, as stated by generally accepted accounting principles, were not met.

# **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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Notes To Consolidated Financial Statements (*Continued*)

## **Revenue Recognition**

### **Public Support**

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as restricted support 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. The Organization has adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

A portion of the Organization's support is derived from cost-reimbursable federal and state contracts, which are conditional upon the incurrence of allowable qualifying expenses. Revenue is recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated statement of financial position. The Organization received cost-reimbursable government contracts of approximately \$980,000 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred. At December 31, 2020 and 2019, grants receivable in the consolidated statement of financial position include \$636,421 and \$319,612, respectively, of qualifying expenditures that have been incurred but not yet reimbursed.

The Organization also receives grants from private institutions that are conditional upon the achievement of certain performance requirements and outcomes. Revenue is recognized when these specific requirements and outcomes are achieved.

### **Contract Services - Amachi Initiative**

The Organization coordinates the Amachi Initiative (Initiative) for the state of Missouri with other Big Brothers Big Sisters affiliates in Missouri. The Organization incurs costs related to this Initiative and charges fees to the other agencies in proportion to their share of the revenues. These fees are recognized as revenue when Initiative costs are incurred.

## **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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Notes To Consolidated Financial Statements (*Continued*)

### **Rental Income**

Rental property is leased to a tenant under a noncancellable operating lease (Note 12). Rental income is recognized on a straight-line basis over the term of the lease.

The opening and closing balances of receivables from contracts with clients for the year ended December 31, 2020 are \$11,953 and \$12,354, respectively. The opening and closing balances of receivables from contracts with clients for the year ended December 31, 2019 are \$0 and \$11,953, respectively. These balances are included in other receivables on the consolidated statement of financial position.

### **Anew Income**

The Organization executes contracts with outside parties for the rental of the rooftop space for events. Revenue is recognized when the event takes place. Any cash received prior to the event is recorded as deferred revenue.

The opening and closing balances of receivables from contracts with clients for the year ended December 31, 2020 are \$6,344 and \$0, respectively. The opening and closing balances of receivables from contracts with clients for the year ended December 31, 2019 are \$775 and \$6,344, respectively. These balances are included in other receivables on the consolidated statement of financial position.

### **Forgivable Note Payable**

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be administered by the U.S. Small Business Administration (SBA). Entities who met the eligibility requirements set forth by the PPP could qualify for PPP loans. In accordance with the requirements of the CARES Act, if the Organization used the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, mortgage interest, rent and utility costs, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Organization.

During 2020, the Organization received a \$658,000 loan under the PPP. The unsecured loan bears interest at 1%, with principal and interest payments deferred until ten months following the end of the Organization's eight to twenty-four week loan forgiveness covered period. The loan matures in April 2022.

## **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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### Notes To Consolidated Financial Statements (*Continued*)

When it applied for the loan, the Organization believed it would qualify to have the loan forgiven under the terms of the PPP, and therefore considered the loan to be substantively a conditional contribution by the SBA. The Organization has performed initial calculations for PPP loan forgiveness, and expects that the PPP loan will be forgiven in full because (1) the Organization has, prior to December 31, 2020, utilized all of the proceeds for payroll and other qualified expenses and (2) the Organization believes it will continue to comply with other terms and conditions necessary for forgiveness. Accordingly, the Organization has determined that the PPP loan should be accounted for as a conditional contribution. Under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification 985-605, a conditional contribution is recognized as revenue when the condition or conditions are substantially met.

As discussed above, the Organization believes it has substantially met the conditions necessary in order for the loan to be forgiven. As the Organization believes that it completed the required activities by utilizing PPP proceeds for payroll and other qualified expenditures prior to reporting date, it has recognized forgiveness of PPP loan funds for the full amount of the PPP loan, \$658,000, on the consolidated statement of activities and no liability for the PPP loan is reflected in the consolidated statement of financial position as of December 31, 2020. The Organization submitted the PPP loan forgiveness application in December 2020 and received approval of this application from the SBA in January 2021.

### **Description Of Program Services And Supporting Activities**

The following program services and supporting activities are included in the accompanying consolidated financial statements:

#### **Program Services**

**Mentoring Program:** BBBSEMO is the oldest and largest one-to-one mentoring organization in the state of Missouri. Additionally, with more than 1,554 young people served annually in one-to-one mentoring relationships, BBBSEMO is one of the larger affiliates in the 230 Big Brothers Big Sisters of America (BBBS) federation of agencies.

#### **Supporting Activities**

**General And Administrative:** Provides the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the Organization, and manage the financial and budgetary responsibilities of the Organization.



## **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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### Notes To Consolidated Financial Statements (*Continued*)

**Fundraising:** Provides the structure necessary to encourage and secure private financial support from individuals, organizations, corporations, and public agencies for operations.

**Volunteer Mentor Recruitment:** Provides the structure and support necessary to recruit volunteer mentors (“Bigs”) which allow the Organization to carry out its mission. The Organization’s unique mission requires a significant number of volunteer mentors to guarantee a 1:1 match between each Big and Little. Significant volunteer mentor recruitment costs are thus incurred annually to recruit the new Bigs necessary to allow the Organization to continually expand its one-on-one mentoring program.

#### **Functional Expense Allocation**

Expenses which are directly identifiable as related to specific functions such as background checks, bad debts, in-kind materials, interest, accounting and professional fees and volunteer activities are charged directly to those specific functions. Expenses such as salaries, payroll taxes, employee benefits, depreciation and amortization, equipment repairs, insurance, occupancy, supplies and office, telephone and utilities are allocated to multiple functions based on an analysis of personnel time and related activities. Amachi Initiative, conferences and travel, mileage, miscellaneous, organization dues, postage, printing and lobbying and other professional fees are allocated to multiple functions based on the nature of the expenditure.

#### **Tax Status**

BBBSEMO and Mentor Missouri are exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code.

The Organization’s federal tax returns for tax years 2017 and later remain subject to examination by taxing authorities.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

**3. Promises To Give**

Promises to give are collectible as follows:

	<u>2020</u>	<u>2019</u>
Less than one year		
United Way	\$ 379,814	\$ 476,547
Building rooftop project	19,459	67,709
Capital campaign	—	5,250
Other	791,517	1,069,226
	<u>1,190,790</u>	<u>1,618,732</u>
One to five years		
Other	248,781	434,018
Discount to record promise to give at present value	<u>(4,958)</u>	<u>(13,274)</u>
	<u>\$ 1,434,613</u>	<u>\$ 2,039,476</u>

A discount rate of 2% has been used to record the promises to give at the present value of estimated future cash flows.

**4. Investments**

Investments consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds:				
World stock	\$ —	\$ —	\$ 204,609	\$ 218,612
Large cap growth	472,928	671,197	343,566	472,780
Large cap blend	—	—	312,069	324,316
Large cap value	897,318	1,033,411	674,751	773,849
Ultrashort bonds	62,807	63,191	61,852	61,661
Short-term bonds	247,629	249,129	256,635	256,248
Intermediate-term bonds	663,747	637,985	642,539	612,722
	<u>\$ 2,344,429</u>	2,654,913	<u>\$ 2,496,021</u>	2,720,188
Less: Assets restricted for permanent investment (Note 10)		<u>55,472</u>		<u>55,472</u>
		<u>\$ 2,599,441</u>		<u>\$ 2,664,716</u>

## BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

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### Notes To Consolidated Financial Statements (*Continued*)

Investments are allocated within the net asset classes as follows:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ 2,596,956	\$ 2,661,609
With donor restrictions:		
Earnings on assets restricted for endowment	2,485	3,107
Assets restricted for endowment	55,472	55,472
	<u>\$ 2,654,913</u>	<u>\$ 2,720,188</u>

Net investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 116,679	\$ 139,689
Realized loss on sale of investments	(86,544)	(24,533)
Unrealized gains on investments	86,317	282,595
Investment management fees	(14,122)	(15,261)
	<u>\$ 102,330</u>	<u>\$ 382,490</u>

In 2020 and 2019, interest and dividends above include \$27,413 and \$27,189 respectively, of interest income on the note receivable (Note 6).

The Organization accounts for investments at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset.
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

- Level 1* Quoted prices that are readily available in active markets/ exchanges for identical investments.
- Level 2* Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3* Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the major categories of assets measured at fair value on a recurring basis during the years ended December 31:

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
Large cap growth	\$ 671,197	\$ —	\$ —	\$ 671,197
Large cap value	1,033,411	—	—	1,033,411
Ultrashort bonds	63,191	—	—	63,191
Short-term bonds	249,129	—	—	249,129
Intermediate-term bonds	637,985	—	—	637,985
	<b>\$ 2,654,913</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,654,913</b>

	<b>2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
World stock	\$ 218,612	\$ —	\$ —	\$ 218,612
Large cap growth	472,780	—	—	472,780
Large cap blend	324,316	—	—	324,316
Large cap value	773,849	—	—	773,849
Ultrashort bonds	61,661	—	—	61,661
Short-term bonds	256,248	—	—	256,248
Intermediate-term bonds	612,722	—	—	612,722
	<b>\$ 2,720,188</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,720,188</b>

Investments carried at fair value are categorized as Level 1 for fair value purposes.

During 2020 and 2019, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

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Notes To Consolidated Financial Statements (*Continued*)

**5. Property And Equipment**

Property and equipment consists of:

	<u>2020</u>	<u>2019</u>
Land	\$ 91,000	\$ 91,000
Building and building improvements (Note 14)	12,477,479	12,477,479
Computer equipment and software	171,297	230,536
Furniture and fixtures	613,751	619,082
	<u>13,353,527</u>	<u>13,418,097</u>
Less: Accumulated depreciation and amortization	<u>2,326,855</u>	<u>1,997,305</u>
	<u>\$ 11,026,672</u>	<u>\$ 11,420,792</u>

**6. Note Receivable**

At December 31, 2020 and 2019, the note receivable consists of a \$2,689,000 note receivable from USBCDC Investment Fund 175, LLC (the Investment Fund) to Mentor Missouri with an origination date of August 2, 2016. During the year ended December 31, 2016, \$2,689,000 was loaned to the Investment Fund. The note accrues interest at an annual rate of 1%, with quarterly payments of accrued interest due. Commencing March 10, 2024, quarterly principal and interest payments of \$33,344 shall be due with the final payment of principal and accrued interest due on the note's maturity on August 1, 2046. The note is secured primarily by the Investment Fund's membership interest in St. Louis New Markets Tax Credit Fund 42, LLC. No accrued interest was outstanding as of December 31, 2020 or 2019.

**7. Line Of Credit**

The Organization has a line of credit with a bank with maximum borrowings of \$1,200,000. This line of credit is secured by substantially all assets of BBBSEMO. Borrowings under the line of credit bear interest at the LIBOR monthly rate plus 1.95% (2.095% and 3.70% at December 31, 2020 and 2019, respectively) and matures in August 2021. There was no outstanding balance at December 31, 2020 or 2019.

No interest expense was incurred during 2020 or 2019.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
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Notes To Consolidated Financial Statements (*Continued*)

**8. Capital Lease Obligations**

The Organization has leases for computer equipment, which are accounted for as capital leases, expiring at dates through January 2021. The assets and liabilities under these capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation and amortization expense.

Following is a summary of equipment held under capital leases:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 81,792	\$ 81,792
Less: Accumulated amortization	(78,868)	(63,435)
	<u>\$ 2,924</u>	<u>\$ 18,357</u>

The interest rates on the capitalized leases range from 9.8% to 10.4%, which were imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. Imputed interest on these capital lease obligations was \$1,133 and \$2,891 in 2020 and 2019, respectively. The capital leases allow for a purchase option representing the expected fair value of the equipment at the expiration of the lease terms.

Future minimum lease payments under the capital leases as of December 31, 2020 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 2,651
Less: Amounts representing interest	43
Present value of minimum lease payments	<u>\$ 2,608</u>

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

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Notes To Consolidated Financial Statements (*Continued*)

**9. Debt**

During 2015, the Organization obtained financing from a bank with maximum borrowings of \$2,500,000. This note is secured by substantially all assets of BBBSEMO. Borrowing under the note bears interest at a rate equal to the LIBOR monthly rate plus 1.95% (2.095% and 3.70% at December 31, 2020 and 2019, respectively), and interest payments are due monthly. Beginning in July 2017, the note requires annual principal payments of one-sixth of the outstanding principal balance as of July 27, 2017 (which was \$900,000), with all outstanding interest and principal due in July 2022. In January and May 2019, principal payments of \$100,000 and \$50,000, respectively, were made. In August 2019, the terms of the note were modified to reduce the maximum borrowings to \$250,000 and the note's amortization schedule was adjusted accordingly. In February 2020, a principal payment of \$125,000 was made. During 2020 and 2019, \$4,529 and \$11,834, respectively, of interest expense was incurred. At December 31, 2020 and 2019, \$125,000 and \$250,000, respectively, was outstanding.

Future required principal payments on this note are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ —
2022	125,000
	<u>\$ 125,000</u>

During August 2016, loan financing was provided by St. Louis New Markets Tax Credit Fund 42, LLC (the Tax Credit Fund) under a loan commitment of \$3,840,000 to finance the construction and renovation of the Organization's restaurant and rooftop spaces. This loan is secured primarily by a security interest and lien on all of the Organization's personal property and fixtures within these spaces and a right to the revenues generated from these spaces. This loan bears interest at a rate of 1.36% per annum with quarterly interest payments due. Commencing March 1, 2024, quarterly principal and interest payments of \$34,652 shall be due, with a final principal and interest payment due upon the loan's maturity on August 1, 2046. This loan may not be prepaid in whole or in part at any time prior to December 30, 2022. On a semi-annual basis, the Organization must certify to the Tax Credit Fund the Organization's compliance with New Markets Tax Credit (NMTC) compliance requirements, including that the Organization remains a Qualified Active Low-Income Community Business (QALICB). At December 31, 2020 and 2019, principal of \$3,840,000 was outstanding. Interest incurred and paid during 2020 and 2019 amounted to \$53,094 and \$52,949, respectively.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

**10. Net Assets**

Net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Purpose Restricted:		
Mentoring program	\$ 784,473	\$ 1,815,518
United Way allocation	17,541	23,706
Unappropriated endowment earnings	2,485	3,107
	<u>804,499</u>	<u>1,842,331</u>
Time Restricted:		
United Way allocation	362,273	452,841
Corporate contributions	90,000	110,000
Multi-year promises to give (net of discounts of \$4,958 and \$13,274, respectively)	186,649	21,928
	<u>638,922</u>	<u>584,769</u>
Assets restricted for endowment	<u>55,472</u>	<u>55,472</u>
	<u>\$ 1,498,893</u>	<u>\$ 2,482,572</u>

Net assets were released from net assets with donor-imposed restrictions as follows:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions:		
Mentoring program	\$ 1,727,565	\$ 1,101,679
United Way allocation	41,247	54,274
	<u>1,768,812</u>	<u>1,155,953</u>
Time Restrictions:		
United Way allocation	452,841	466,995
Corporate contributions	145,000	424,924
Multi-year promises to give	21,058	162,150
	<u>618,899</u>	<u>1,054,069</u>
	<u>\$ 2,387,711</u>	<u>\$ 2,210,022</u>

**Net Assets Restricted For Endowment**

The Organization's endowment consists of a donor-restricted endowment fund established to fund the operations, capital and scholarship activities of the Organization. As required by accounting standards, assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.



# BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

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Notes To Consolidated Financial Statements (*Continued*)

## Interpretation Of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies earnings amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Some of those earnings also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment fund, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

Additionally, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the Organization and the donor-restricted endowment fund,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the Organization, and
- 7) The investment policies of the Organization.

## Endowment Asset Composition By Type Of Fund As Of December 31:

	2020		
	With Donor Restrictions		
	Earnings	Principal	Total
Donor-restricted endowment fund	\$ 2,485	\$ 55,472	\$ 57,957

  

	2019		
	With Donor Restrictions		
	Earnings	Principal	Total
Donor-restricted endowment fund	\$ 3,107	\$ 55,472	\$ 58,579

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

**Changes In Endowment Assets:**

	<b>With Donor Restrictions</b>		
	<b>Earnings</b>	<b>Principal</b>	<b>Total</b>
Endowment assets - January 1, 2019	\$ 7,241	\$ 55,472	\$ 62,713
Investment return	3,107	—	3,107
Appropriation of endowment assets for expenditure	(7,241)	—	(7,241)
Endowment assets - December 31, 2019	3,107	55,472	58,579
Investment return	2,485	—	2,485
Appropriation of endowment assets for expenditure	(3,107)	—	(3,107)
<u>Endowment assets - December 31, 2020</u>	<u>\$ 2,485</u>	<u>\$ 55,472</u>	<u>\$ 57,957</u>

**Funds With Deficiencies**

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donors require the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature related to market fluctuations are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2020 or 2019.

**Return Objectives And Risk Parameters**

The goals of the Organization's investment policy are to manage the Organization's investment portfolio for preservation of capital with a small portion invested in the equity market. Specifically, the investment policy shall offer the necessary guidelines to attain the following goals and objectives: a) safety of funds invested; b) adequate liquidity through marketability and appropriate schedules of maturing investments; c) reasonable total return on all funds invested; and d) full employment of all available funds in earning assets.

**Strategies Employed For Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation of 60% allocated to treasuries, government bonds, CDs and/or AAA corporate paper and 40% allocated to balanced mutual funds including exchange traded funds, I shares, and index funds.

# BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

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Notes To Consolidated Financial Statements (*Continued*)

## **Spending Policy And How The Investment Objectives Relate To Spending Policy**

The Organization's investment and spending policies are designed to preserve the value of endowment assets against inflation. The current spending policy is a draw of five percent of the average of the previous 12 quarters' ending endowment value. The minimum draw rate is 4% of the average of the previous 12 quarters' ending endowment value and the maximum draw rate is 6% of the average of the previous 12 quarters' ending endowment value.

## **11. Employee Retirement Plan**

The Organization's employees may be eligible to receive pension benefits under a 401(k) retirement plan. Employees who have one year of service and are age 18 or older are eligible to receive employer contributions. The Organization provides a matching contribution up to 3% of the employee's salary deferral. Employer contributions to the plan were \$68,556 and \$63,638 for the years ended December 31, 2020 and 2019, respectively.

## **12. Lease Commitments**

The Organization leases office space in St. Peters, Missouri and Cape Girardeau, Missouri under operating leases expiring on various dates through 2025.

At December 31, 2020, future minimum lease payments under noncancellable operating leases are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 22,062
2022	18,600
2023	19,150
2024	19,200
2025	1,600
	<u>\$ 80,612</u>

Rent expense under operating leases was \$31,848 for the years ended December 31, 2020 and 2019.

## **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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### Notes To Consolidated Financial Statements (*Continued*)

Since the acquisition of the building in 2014, the Organization has been negotiating a lease agreement with the building's existing tenant. In 2017, a lease agreement was executed through March 2018. The agreement was amended in 2018, 2019 and 2021 to extend the maturity through March 2022. Rental income of \$147,623 and \$141,226 was recognized from this tenant in 2020 and 2019, respectively.

Future minimum rents to be received, based on this lease agreement, are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 151,570
2022	38,169
	<u>\$ 189,739</u>

### **13. Related Party Transactions**

The Organization coordinates the Amachi Initiative for the state of Missouri with other Big Brothers Big Sisters affiliates in Missouri. The Organization incurs costs related to this Initiative and charges fees to the other agencies in proportion to their share of the revenues. The Organization receives the funds from the state and distributes to the other agencies accordingly. No amount was due at December 31, 2020 or 2019.

The Organization receives a significant amount of support from its Board of Directors (including their related organizations and companies). Such support totaled approximately \$378,000 and \$512,000 for 2020 and 2019, respectively.

### **14. Building Project**

On August 2, 2016, BBBSEMO and its affiliate, Mentor Missouri, entered into a New Markets Tax Credit (NMTC) transaction to provide funds for the expansion of the existing building and to complete the Organization's vision for the building to serve as a community gathering place by constructing a rooftop restaurant and event space. This was accomplished through the Organization's fundraising efforts, borrowings from outside lenders, and borrowings from the Tax Credit Fund as described in Note 9.

The transaction also included a guaranty agreement on behalf of US Bancorp Community Development Corporation (USBCDC) and a put and call agreement with USBCDC as described below.

## BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

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### Notes To Consolidated Financial Statements (*Continued*)

BBBSEMO is a Qualified Active Low-Income Community Business (QALICB). As a result, BBBSEMO guarantees New Markets Tax Credit (NMTC) compliance in connection with the loan obtained from St. Louis New Markets Tax Credit Fund 42, LLC (Note 9) to prevent recapture of these credits. In addition, BBBSEMO has made other guarantees for the benefit of USBCDC, such as payment of the NMTC Guaranteed Amount and environmental indemnification. The maximum potential amount of future payments cannot readily be determined due to the nature of these guarantees.

BBBSEMO entered into a Put and Call Agreement with USBCDC, which includes both a “put” and a “call” option. These options are expected to be exercised and will ultimately result in BBBSEMO owning USBCDC’s interest in USBCDC Investment Fund 75, LLC, including the note receivable from Mentor Missouri (Note 6), as well as the debt to BBBSEMO (Note 9). This ownership acquisition will allow BBBSEMO to “collapse” the NMTC deal, repaying all outstanding obligations with no additional capital outlay.

### 15. Concentrations

In 2020, the Organization received approximately 16% of its total public support from one donor.

In 2019, the Organization received approximately 23% of its total public support from two donors.

### 16. Liquidity And Availability Of Resources

The Organization has the following financial assets available for general expenditures in the next year:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,988,958	\$ 1,463,306
Promises to give	1,434,613	2,039,476
Grants receivable	636,421	319,612
Other receivables	44,231	64,735
Investments	<u>2,599,441</u>	<u>2,664,716</u>
Total financial assets	6,703,664	6,551,845
Less: Amounts subject to donor restrictions	<u>(1,443,421)</u>	<u>(2,427,100)</u>
	<u>\$ 5,260,243</u>	<u>\$ 4,124,745</u>

## **BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES**

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### Notes To Consolidated Financial Statements (*Continued*)

The Organization regularly monitors liquidity required to meet its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, mutual funds and a line of credit. As part of its liquidity management plan, the Organization invests excess cash in short-term investments.

#### **17. Risks And Uncertainties**

In December 2019, a new strain of the coronavirus (COVID-19) spread worldwide including the United States throughout 2020. The World Health Organization declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay-at-home orders and advisories and quarantining of people who may have been exposed to the virus. Beginning in mid-March 2020, in an effort to mitigate the spread of COVID-19, the Organization directed its employees to work remotely where possible and continued programming in a virtual environment. The Organization continues to monitor developments, including government requirements and recommendations at the national, state, and local level to evaluate possible extensions to all or part of such restrictions.

As the COVID-19 pandemic is complex and rapidly evolving, the Organization's plans as described above may change. At this point, management cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Organization and its results of operations, financial position and cash flows.

#### **18. Subsequent Events**

In January 2021, the Organization was awarded a second SBA Paycheck Protection Program Loan approximating \$620,000. This unsecured loan has a five-year term at an interest rate of 1% and may also be eligible for forgiveness up to 100% of the loan's value if certain criteria are met.

Management evaluates subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

## **Independent Auditors' Report On Supplementary Information**

Board of Directors  
Big Brothers Big Sisters of Eastern Missouri  
St. Louis, Missouri

We have audited the consolidated financial statements of Big Brothers Big Sisters of Eastern Missouri and affiliates as of and for the years ended December 31, 2020 and 2019, and our report thereon dated June 15, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Operating Results Comparison (With 2021 Budget) and the Community And Children's Resource Board Of St. Charles County - Schedule of Project Unit Costs, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The Consolidated Operating Results Comparison (With 2021 Budget) has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Community And Children's Resource Board Of St. Charles County - Schedule of Project Unit Costs was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information, except for the total units served, has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole. The total units served have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*RubinBrown LLP*

June 15, 2021

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

**CONSOLIDATED OPERATING RESULTS COMPARISON  
(WITH 2021 BUDGET)**

	2021 Budget (Unaudited)	Consolidated Statement Of Activities	
		2020	2019
<b>Public Support, Revenues And Gains (Losses)</b>			
Contributions	\$ 1,920,000	\$ 2,160,272	\$ 2,302,431
United Way allocation	395,000	397,355	500,935
Grants	2,718,460	2,094,719	1,791,540
In-kind contributions	—	106,842	212,161
Special events (net)	—	78,265	120,168
Contract services - Amachi Initiative	40,000	20,400	20,399
Net investment income	—	102,330	382,490
Gain (loss) on equity method investment	—	21,628	(5,568)
Earned income	150,000	150,401	258,196
<b>Total Public Support, Revenues And Gains (Losses)</b>	<b>5,223,460</b>	<b>5,132,212</b>	<b>5,582,752</b>
<b>Expenses</b>			
Salaries	3,458,000	3,359,280	3,284,519
Payroll taxes	250,000	246,557	243,393
Employee benefits	545,300	566,940	505,030
Amachi Initiative	40,000	36,000	38,091
Background checks	12,000	8,884	16,074
Bad debts	—	8,260	13,544
Conferences and travel	35,000	27,236	50,965
Depreciation and amortization	—	396,052	427,315
Equipment repairs	—	13,315	17,456
In-kind materials	—	106,842	212,161
Insurance	64,000	65,506	63,069
Interest	16,000	58,756	67,674
Mileage	8,000	5,920	24,294
Miscellaneous	15,000	24,535	50,443
Occupancy	412,000	346,423	338,216
Organization dues	94,325	97,211	73,908
Postage	5,000	6,434	9,977
Printing	84,000	73,991	145,833
Professional fees:			
Accounting	56,000	48,407	51,810
Consulting	42,000	—	—
Lobbying	56,000	36,000	36,000
Other	67,000	147,482	187,056
Supplies and office	13,000	5,512	26,781
Telephone	29,000	29,134	25,584
Utilities	—	51,050	53,329
Volunteer activities	65,000	110,273	61,260
<b>Total Expenses</b>	<b>5,366,625</b>	<b>5,876,000</b>	<b>6,023,782</b>
<b>Decrease In Net Assets From Operations</b>	<b>\$ (143,165)</b>	<b>\$ (743,788)</b>	<b>\$ (441,030)</b>



**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
AND AFFILIATES**

**COMMUNITY AND CHILDREN'S RESOURCE BOARD OF  
ST. CHARLES COUNTY - SCHEDULE OF PROJECT UNIT COSTS**

	<u>Project Community Based Services</u>
<b>Project Expenses</b>	
<b>Direct Project Expenses:</b>	
1. Salaries	\$ 15,891
2. Employee benefits	2,682
3. Payroll taxes	1,166
4. Occupancy	1,639
5. Telephone	138
6. Utilities	241
7. Supplies	26
8. Client volunteer activities	522
9. Background checks	342
10. Mileage	28
11. Postage	30
12. Printing	350
13. Equipment repairs	63
14. Insurance	310
15. Conferences, meetings, and travel	129
16. Total Direct Project Expenses	<u>23,558</u>
<b>Indirect (Administrative) Expenses:</b>	
17. Depreciation	1,874
18. Interest	323
19. Miscellaneous	69
20. Organization dues and subscriptions	460
21. Professional services - Accounting	229
22. Professional services - Other	698
23. Total Indirect Project Expenses	<u>3,653</u>
24. Total Project Expenses	<u>\$ 27,211</u>
25. Total Units Served	<u>830</u>
Cost Per Unit: Line 24/25	<u>\$ 32.78</u>