

**BIG BROTHERS AND BIG SISTERS  
OF DANE COUNTY, INC.**

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Big Brothers and Big Sisters of Dane County, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of Big Brothers and Big Sisters of Dane County, Inc., 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, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

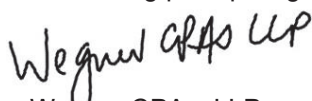
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers and Big Sisters of Dane County, Inc. 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.



Wegner CPAs, LLP  
Madison, Wisconsin  
February 19, 2021

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 367,303	\$ 151,178
Unconditional promises to give	116,354	69,978
Prepaid expenses	20,452	13,919
<b>Total current assets</b>	<b>504,109</b>	<b>235,075</b>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture and equipment	17,614	17,614
Accumulated depreciation	(17,153)	(16,785)
<b>Furniture and equipment, net</b>	<b>461</b>	<b>829</b>
<b>OTHER ASSETS</b>		
Unconditional promises to give	200,000	11,000
Investments	586,745	510,840
Beneficial interest in assets held by Madison Community Foundation	17,439	16,966
<b>Total assets</b>	<b>\$ 1,308,754</b>	<b>\$ 774,710</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 11,487	\$ 12,058
Accrued expenses	48,909	40,587
Deferred revenue	3,740	-
Paycheck Protection Program loan	174,500	-
<b>Total current liabilities</b>	<b>238,636</b>	<b>52,645</b>
<b>NET ASSETS</b>		
Without donor restrictions	527,203	368,071
With donor restrictions	542,915	353,994
<b>Total net assets</b>	<b>1,070,118</b>	<b>722,065</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,308,754</b>	<b>\$ 774,710</b>

See accompanying notes.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions			
Contributions	\$ 520,603	\$ 397,751	\$ 918,354
Allocation and contributions from United Way	187,357	-	187,357
Special events	329,103	-	329,103
Cost of direct benefits to donors	(14,885)	-	(14,885)
Change in beneficial interest in MCF	1,124	-	1,124
Investment return, net	70,402	-	70,402
Other income	15,757	-	15,757
<b>Total support and revenue</b>	<b>1,109,461</b>	<b>397,751</b>	<b>1,507,212</b>
<b>EXPENSES</b>			
Program Services			
Enrollment	141,035	-	141,035
High School	131,697	-	131,697
Elementary	189,082	-	189,082
School Friends	87,154	-	87,154
Community	74,125	-	74,125
Back-to-School	22,774	-	22,774
Other	12,776	-	12,776
Supporting Activities			
Management and general	153,271	-	153,271
Fundraising	347,245	-	347,245
<b>Total expenses</b>	<b>1,159,159</b>	<b>-</b>	<b>1,159,159</b>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>			
Satisfaction of purpose restrictions	78,929	(78,929)	-
Expiration of time restrictions	129,901	(129,901)	-
<b>Total net assets released from donor restrictions</b>	<b>208,830</b>	<b>(208,830)</b>	<b>-</b>
<b>Change in net assets</b>	<b>159,132</b>	<b>188,921</b>	<b>348,053</b>
Net assets at beginning of year	368,071	353,994	722,065
<b>Net assets at end of year</b>	<b>\$ 527,203</b>	<b>\$ 542,915</b>	<b>\$ 1,070,118</b>

See accompanying notes.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions			
Contributions	\$ 464,772	\$ 142,000	\$ 606,772
Allocation and contributions from United Way	166,136	-	166,136
Special events	475,653	-	475,653
Cost of direct benefits to donors	(49,562)	-	(49,562)
Change in beneficial interest in MCF	2,216	-	2,216
Investment return, net	81,151	-	81,151
<b>Total support and revenue</b>	<b>1,140,366</b>	<b>142,000</b>	<b>1,282,366</b>
<b>EXPENSES</b>			
Program Services			
Enrollment	234,340	-	234,340
High School	167,534	-	167,534
Elementary	167,363	-	167,363
School Friends	113,245	-	113,245
Community	25,270	-	25,270
Back-to-School	20,026	-	20,026
Other	18,212	-	18,212
Supporting Activities			
Management and general	154,586	-	154,586
Fundraising	427,225	-	427,225
<b>Total expenses</b>	<b>1,327,801</b>	<b>-</b>	<b>1,327,801</b>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>			
Satisfaction of purpose restrictions	45,500	(45,500)	-
Expiration of time restrictions	178,980	(178,980)	-
<b>Total net assets released from donor restrictions</b>	<b>224,480</b>	<b>(224,480)</b>	<b>-</b>
<b>Change in net assets</b>	<b>37,045</b>	<b>(82,480)</b>	<b>(45,435)</b>
Net assets at beginning of year	331,026	436,474	767,500
<b>Net assets at end of year</b>	<b>\$ 368,071</b>	<b>\$ 353,994</b>	<b>\$ 722,065</b>

See accompanying notes.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020

	Program Services						Supporting Activities			Cost of Direct Benefits to Donors	Total
	Enrollment	High School	Elementary	School Friends	Community	Back-to-School	Other	Management and General	Fundraising		
Salaries	\$ 98,229	\$ 91,638	\$ 137,482	\$ 60,951	\$ 16,075	\$ -	\$ -	\$ 58,085	\$ 205,799	\$ -	\$ 668,259
Employee benefits	17,314	18,701	22,202	12,576	2,685	-	-	10,354	26,722	-	110,554
Payroll taxes	7,453	6,792	10,291	4,563	1,157	-	-	4,112	15,095	-	49,453
Total salaries and related expenses	122,996	117,131	169,975	78,080	19,917	-	-	72,551	247,616	-	828,266
Contract services	7,241	2,529	3,842	1,745	1,947	-	4,234	45,762	58,084	-	125,384
Food and supplies	68	128	275	2,028	15,996	4,652	1,127	2,737	4,529	8,450	39,990
Telephone	750	625	1,100	-	25	-	100	5,452	1,000	-	9,052
Postage, shipping, and printing	27	-	-	-	1,040	80	-	2,840	19,809	-	23,796
Insurance	2,472	2,953	3,584	1,238	422	-	911	2,701	3,635	-	17,916
Occupancy	6,869	8,157	9,900	3,421	1,166	-	-	2,766	10,041	-	42,320
Travel	525	47	270	612	204	159	131	152	1,236	-	3,338
Conferences and meetings	27	-	-	-	-	-	1,023	443	1,182	-	2,675
Advertising	-	-	-	-	-	-	-	-	25	-	25
Assistance to individuals	-	56	50	-	26,583	-	-	5,250	-	-	31,939
Dues to affiliates	-	-	-	-	-	-	-	17,843	-	-	17,843
Depreciation	60	71	86	30	10	-	-	24	88	-	368
Total expenses before contributed goods	141,035	131,697	189,082	87,154	67,310	4,891	12,776	153,271	347,245	8,450	1,142,911
Contributed goods	-	-	-	-	6,815	17,883	-	-	-	6,435	31,133
Total expenses	141,035	131,697	189,082	87,154	74,125	22,774	12,776	153,271	347,245	14,885	1,174,044
Less expenses included with support and revenue on the statement of activities	-	-	-	-	-	-	-	-	-	(14,885)	(14,885)
Total expenses included in expenses section of the statement of activities	\$ 141,035	\$ 131,697	\$ 189,082	\$ 87,154	\$ 74,125	\$ 22,774	\$ 12,776	\$ 153,271	\$ 347,245	\$ -	\$ 1,159,159

See accompanying notes.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2019

	Program Services										Supporting Activities			Total
	Enrollment					Management and					Fundraising	Cost of Direct Benefit to Donors		
	High School	Elementary	School Friends	Community	Back-to-School	Other	General							
Salaries	\$ 159,966	\$ 112,074	\$ 118,445	\$ 77,128	\$ -	\$ -	\$ -	\$ 51,397	\$ 224,553	\$ -	\$ 743,563	\$ -	\$ -	
Employee benefits	28,095	25,999	22,218	15,942	-	-	-	8,428	25,759	-	126,441	-	-	
Payroll taxes	11,802	8,506	8,960	5,707	-	-	-	3,655	16,775	-	55,405	-	-	
Total salaries and related expenses	199,863	146,579	149,623	98,777	-	-	-	63,480	267,087	-	925,409	-	-	
Contract services	9,752	3,593	3,923	2,182	393	8,853	8,853	46,777	108,187	-	185,268	-	-	
Food and supplies	2,156	4,986	1,219	2,157	2,131	3,876	3,876	9,949	3,896	40,088	72,599	-	-	
Telephone	780	925	1,075	100	-	300	300	4,981	900	-	9,061	-	-	
Postage, shipping, and printing	36	-	324	434	204	897	897	3,417	22,208	-	28,792	-	-	
Insurance	4,564	2,401	2,834	1,969	-	-	-	736	3,937	-	16,441	-	-	
Occupancy	12,775	8,235	7,288	5,220	158	154	154	1,890	10,125	-	45,845	-	-	
Travel	4,118	322	735	2,362	244	428	428	2,325	5,441	-	16,720	-	-	
Conferences and meetings	139	439	278	-	299	370	370	3,418	4,127	-	9,070	-	-	
Advertising	55	-	-	-	21	84	84	-	629	-	789	-	-	
Assistance to individuals	-	-	-	-	-	3,250	3,250	-	-	-	3,250	-	-	
Interest expense	-	-	-	-	-	-	-	20	-	-	20	-	-	
Dues to affiliates	-	-	-	-	-	-	-	16,076	-	-	16,076	-	-	
Bad debt	-	-	-	-	-	-	-	1,500	-	-	1,500	-	-	
Depreciation	102	54	64	44	-	-	-	17	88	-	369	-	-	
Total expenses before contributed goods	234,340	167,534	167,363	113,245	2,993	18,212	18,212	154,586	426,625	40,088	1,331,209	-	-	
Contributed goods	-	-	-	-	17,033	-	-	-	600	-	46,154	-	-	
Total expenses	234,340	167,534	167,363	113,245	20,026	18,212	18,212	154,586	427,225	49,562	1,377,363	-	-	
Less expenses included with support and revenue on the statement of activities	-	-	-	-	-	-	-	-	-	(49,562)	(49,562)	-	-	
Total expenses included in the expenses section of the statement of activities	\$ 234,340	\$ 167,534	\$ 167,363	\$ 113,245	\$ 20,026	\$ 18,212	\$ 18,212	\$ 154,586	\$ 427,225	\$ -	\$ 1,327,801	\$ -	\$ -	

See accompanying notes.



**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 348,053	\$ (45,435)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	368	369
Donated stock	-	(2,062)
Net realized and unrealized (gain) loss on investments	(53,406)	(61,660)
Net change in value of beneficial assets held by MCF	(1,124)	(2,215)
(Increase) decrease in assets		
Unconditional promises to give	(235,376)	111,572
Prepaid expenses	(6,533)	(4,269)
Increase (decrease) in liabilities		
Accounts payable	(571)	152
Deferred revenue	3,740	-
Accrued expenses	8,322	9,319
<b>Net cash flows from operating activities</b>	<b>63,473</b>	<b>5,771</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distributions from beneficial interest in assets held by Madison Community Foundation	651	636
Proceeds from sales of investments	-	67,000
Purchases of and interest retained in investments	(22,499)	(24,951)
<b>Net cash flows from investing activities</b>	<b>(21,848)</b>	<b>42,685</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	174,500	-
Payments on line of credit	-	(10,000)
Proceeds from line of credit	-	10,000
<b>Net cash flows from financing activities</b>	<b>174,500</b>	<b>-</b>
Net change in cash	216,125	48,456
Cash at beginning of year	151,178	102,722
<b>Cash at end of year</b>	<b>\$ 367,303</b>	<b>\$ 151,178</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ -	\$ 20
Noncash investing activities		
Donated stock	-	2,062

See accompanying notes.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations**

Big Brothers and Big Sisters of Dane County, Inc. was organized as a not-for-profit organization in 1966. Big Brothers and Big Sisters of Dane County, Inc. was formed for the purpose of providing human services and other opportunities to children who do not have these services available to them in their own homes. The primary source of revenue is public support.

**Basis of Presentation**

Big Brothers and Big Sisters of Dane County, Inc. reports information regarding its financial position and activities based upon the existence or absence of restrictions on use that are placed by its donors.

Net assets without donor restrictions are resources available to support operations. Designations are voluntary board-approved segregations of net assets without donor restrictions for specific purposes, projects, or investments.

Net assets with donor restrictions are resources subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Estimates**

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

**Promises to Give**

Unconditional promises to give are recognized as support and revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give receivable in less than one year are recorded at their net realizable value. Unconditional promises to give at December 31, 2020 and 2019 receivable in more than one year were \$200,000 and \$11,000.

Big Brothers and Big Sisters of Dane County, Inc. considers all promises to give to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If promises to give become uncollectible, they will be charged to operations when that determination is made.

**Investments**

Investments consist of equity securities that are carried at fair value and money market funds related to the investment portfolio. Unrealized gains and losses are included in the change in assets in the accompanying statements of activities.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Big Brothers and Big Sisters of Dane County, Inc. also has investments held in agency endowment by the Madison Community Foundation (MCF). Big Brothers and Big Sisters of Dane County, Inc. may receive the income earned from the agency endowment of the MCF. These funds are recorded as board-designated net assets and are carried at fair value.

Investment fees for 2020 and 2019 include donated investment services of \$5,000 provided by a member of the board of directors in 2019 and a donor in 2020.

**Furniture and Equipment**

Furniture and equipment are stated at cost less accumulated depreciation. Furniture and equipment with a value over \$2,500 in 2020 and \$500 in 2019 is capitalized and depreciated using the straight-line method over an estimated useful life relative to the piece of furniture or equipment.

Contributed equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support.

**Contributions**

Contributions are recognized as revenue when received or unconditionally pledged. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the statements of activities.

**Expense Allocations**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries and related expenses, insurance, occupancy, and depreciation, which are allocated on the basis of estimates of time and effort.

The following program services are included in the accompanying financial statements:

*Enrollment*

Assesses youth and volunteers for eligibility and suitability for the program.

*High School*

Mentoring program for 8th grade through high school mentees involving academic and career development, one-to-one mentoring, and individualized success plans.

*Elementary*

Mentoring program for elementary through 7th grade mentees involving one-on-one outings and activities.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*School Friends*

Site-based mentoring program that takes place at the mentee's school once per week usually during lunch or after school.

*Community*

Mentoring program that takes place out in the community once per week, involving one-on-one outings and activities.

*Back-to-School*

Annual event where backpacks and school supply kits are provided to mentees to get them ready for the upcoming school year.

*Other*

Additional events, supplies, and trainings to support our one-to-one mentoring programs.

**Donated Services**

Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

In addition, a large number of volunteers have given significant amounts of their time to Big Brothers and Big Sisters of Dane County, Inc.'s programs, fundraising campaigns, and management. No amounts have been recorded in the financial statements for these volunteer services because the criteria for recognition have not been met.

**Advertising**

Big Brothers and Big Sisters of Dane County, Inc. uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Advertising costs for 2020 and 2019 totaled \$25 and \$789.

**Income Tax Status**

Big Brothers and Big Sisters of Dane County, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Date of Management's Review**

Management has evaluated subsequent events through February 19, 2021, the date which the financial statements were available to be issued.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Big Brothers and Big Sisters of Dane County, Inc. maintains its cash balances at one financial institution in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020 and 2019, Big Brothers and Big Sisters of Dane County, Inc.'s uninsured cash balances totaled \$97,319 and \$0.

NOTE 3 – INVESTMENTS

Investments at December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 548,467	\$ 502,675
Money market funds	<u>38,278</u>	<u>8,165</u>
Total investments	<u>\$ 586,745</u>	<u>\$ 510,840</u>

NOTE 4 – AGENCY ENDOWMENT

Big Brothers and Big Sisters of Dane County, Inc. established an agency endowment at Madison Community Foundation (MCF). Big Brothers and Big Sisters of Dane County, Inc. recognizes the fair value of donations as contributions when received. When Big Brothers and Big Sisters of Dane County, Inc. transfers the funds to MCF it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in assets held by MCF.

Big Brothers and Big Sisters of Dane County, Inc. acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from MCF if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the fund.

MCF has a spending policy to make an annual distribution to Big Brothers and Big Sisters of Dane County, Inc. that will be calculated over 12 quarters and represents 4.25% of the average value of the assets in MCF in 2020 and 2019. Big Brothers and Big Sisters of Dane County, Inc. received distributions of \$651 and \$636 in 2020 and 2019.

NOTE 5 – LINE OF CREDIT

Big Brothers and Big Sisters of Dane County, Inc. has a \$200,000 line of credit agreement with State Bank of Cross Plains that expires September 4, 2021. The interest rate on outstanding principal is prime plus 1% with a floor of 4%. At December 31, 2020, the interest rate was 4.25%. The line of credit is secured by Big Brothers and Big Sisters of Dane County, Inc.'s assets. At December 31, 2020 and 2019 there was no outstanding balance on the line of credit.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN**

On April 15, 2020, Big Brothers and Big Sisters of Dane County, Inc. received a \$174,500 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% but the payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends on the total amount of eligible expenses paid by Big Brothers and Big Sisters of Dane County, Inc. during the covered period and Big Brothers and Big Sisters of Dane County, Inc. meeting the criteria established by the U.S. Small Business Administration. Eligible expenses include payroll costs, rent, and utilities. On November 24, 2020, Big Brothers and Big Sisters of Dane County, Inc. applied for forgiveness of the entire loan and accrued interest. The loan was subsequently forgiven in full on January 19, 2021.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31 were restricted for the following:

	2020	2019
For future operations	\$ 411,000	\$ 112,070
Match support	-	75,400
Bowlin' for Kids' Sake	4,750	14,600
Matchmaker	5,241	1,500
Back-to-School	-	5,000
Gala	13,500	37,500
Net assets with donor restrictions	434,491	246,070
Net assets with donor restrictions in perpetuity	108,424	107,924
Total net assets with donor restrictions	\$ 542,915	\$ 353,994

**NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions at December 31 consisted of the following:

	2020	2019
Board-designated endowment funds	\$ 478,321	\$ 402,916
Board-designated - MCF	17,439	16,966
Undesignated	31,443	(51,811)
Net assets without donor restrictions	\$ 527,203	\$ 368,071

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

NOTE 9 – SPECIAL EVENTS

Big Brothers and Big Sisters of Dane County, Inc. has various fundraising events. The revenue and costs directly associated with fundraising events were as follows:

	<u>2020</u>	<u>2019</u>
Gross revenue	\$ 329,103	\$ 475,653
Cost of special events		
Bowlin' for Kids' Sake	19,117	27,229
Gala	35,620	114,349
Other	-	950
	<u>54,737</u>	<u>142,528</u>
Cost of special events		
Net income from special events	<u>\$ 274,366</u>	<u>\$ 333,125</u>

NOTE 10 – OPERATING LEASE

Big Brothers and Big Sisters of Dane County, Inc. leases space for its administrative office and program services from a primary funder, United Way of Dane County. The lease required monthly payments of \$3,523 for January 2019 through December 2020. Rental expense for 2020 and 2019 was \$42,280. Future minimum lease payments for 2021 are \$42,280.

NOTE 11 – EMPLOYEE RETIREMENT PLAN

Big Brothers and Big Sisters of Dane County, Inc. has a tax-deferred 401(k) retirement plan. Employees working 20 hours or more upon completion of 12 months of service are eligible for an employer match. Big Brothers and Big Sisters of Dane County, Inc. contributes a 50% match up to 3% of the employee's contributions. Employee benefit plan expense was \$13,293 and \$10,987 for 2020 and 2019.

NOTE 12 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2020 were as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	\$ 548,467	\$ 548,467	\$ -
Money market funds	38,278	38,278	-
Beneficial interest in net assets held by MCF	17,439	-	17,439
	<u>\$ 604,184</u>	<u>\$ 586,745</u>	<u>\$ 17,439</u>

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
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NOTE 12 – FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at December 31, 2019 were as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 502,675	\$ 502,675	\$ -
Money market funds	8,165	8,165	-
Beneficial interest in net assets held by MCF	<u>16,966</u>	<u>-</u>	<u>16,966</u>
	<u><u>\$ 527,806</u></u>	<u><u>\$ 510,840</u></u>	<u><u>\$ 16,966</u></u>

Fair values for mutual funds and money market funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for bonds are determined based on recent prices of similar assets.

The Big Brothers and Big Sisters of Dane County, Inc.'s beneficial interest in assets held by MCF represents an agreement between the Big Brothers and Big Sisters of Dane County, Inc. and MCF in which the Big Brothers and Big Sisters of Dane County, Inc. transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to Big Brothers and Big Sisters of Dane County, Inc. by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Assets Held by MCF	
	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 16,966	\$ 15,387
Change in value of beneficial interest included in change in net assets	1,124	2,216
Distribution	<u>(651)</u>	<u>(637)</u>
Ending balance	<u><u>\$ 17,439</u></u>	<u><u>\$ 16,966</u></u>



**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
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NOTE 13 – ENDOWMENTS

Big Brothers and Big Sisters of Dane County, Inc.'s endowment consists of a donor-restricted fund where the investment income, including realized gains and losses is given to Big Brothers and Big Sisters of Dane County, Inc. and the funds are designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Big Brothers and Big Sisters of Dane County, Inc. is subject to Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus, classifies amounts in its donor restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net asset without donor restrictions. The board of directors of Big Brothers and Big Sisters of Dane County, Inc. 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 funds, Big Brothers and Big Sisters of Dane County, Inc. considers a fund to be underwater when 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 in accordance with the direction of the applicable donor gift instrument. Big Brothers and Big Sisters of Dane County, Inc. has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, Big Brothers and Big Sisters of Dane County, Inc. considers the following factors in making a determination to appropriate or accumulate donor restricted funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (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 Big Brothers and Big Sisters of Dane County, Inc., and (7) Big Brothers and Big Sisters of Dane County, Inc.'s investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* Big Brothers and Big Sisters of Dane County, Inc. has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those *endowment* assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes mutual funds invested in equity, fixed income and money market securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution to Big Brothers and Big Sisters of Dane County, Inc. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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NOTE 13 – ENDOWMENTS (continued)

Endowment net asset composition by type of fund as of December 31 were as follows:

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Donor-restricted endowment funds	\$ -	108,424	\$ 108,424
Board-designated endowment funds	478,321	-	478,321
Board-designated - MCF	17,439	-	17,439
<b>Total</b>	<b>\$ 495,760</b>	<b>\$ 108,424</b>	<b>\$ 604,184</b>
	Without Donor Restrictions	With Donor Restrictions	2019 Total
Donor-restricted endowment funds	\$ -	107,924	\$ 107,924
Board-designated endowment funds	402,916	-	402,916
Board-designated - MCF	16,966	-	16,966
<b>Total</b>	<b>\$ 419,882</b>	<b>\$ 107,924</b>	<b>\$ 527,806</b>

Changes in endowment net assets for the years ended December 31 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at December 31, 2018	\$ 397,130	\$ 107,424	\$ 504,554
Contributions	-	500	500
Investment return	22,429	-	22,429
Net appreciation	65,600	-	65,600
Appropriation for expenditures	(65,277)	-	(65,277)
Endowment net assets at December 31, 2019	419,882	107,924	527,806
Contributions	-	500	500
Investment return	21,999	-	21,999
Net appreciation	54,188	-	54,188
Appropriation for expenditures	(309)	-	(309)
Endowment net assets at December 31, 2020	<b>\$ 495,760</b>	<b>\$ 108,424</b>	<b>\$ 604,184</b>

NOTE 14 – RELATED PARTY

In 2020 and 2019, Big Brothers and Big Sisters of Dane County, Inc. received \$9,527 and \$17,245 in donated materials from several board members.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
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NOTE 15 – FUTURE COMMITMENTS

Big Brothers and Big Sisters of Dane County, Inc. has a three year agreement through July 2021 with a service organization for their annual GALA. Upon termination of the agreement, Big Brothers and Big Sisters of Dane County, Inc. is obligated to pay \$750 in fees.

NOTE 16 – LIQUIDITY AND AVAILABILITY

The following table reflects Big Brothers and Big Sisters of Dane County, Inc. financial assets of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position dates because of internal board designations or donor-imposed restrictions:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end	\$ 1,287,841	\$ 759,962
Less those unavailable for general expenditures within one year, due to:		
Board designated endowment and MCF	(495,760)	(419,882)
Restricted by donor with purpose restrictions	(23,491)	(134,000)
Restricted by donor with time restrictions of more than one year	(200,000)	(11,000)
Restricted by donor for perpetuity	<u>(108,424)</u>	<u>(107,924)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 460,166</u>	<u>\$ 87,156</u>

Financial assets at year-end consist of cash, promises to give, investments, and beneficial interest in assets held by MCF.

As part of Big Brothers and Big Sisters of Dane County, Inc.'s liquidity management, the organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage liquidity, Big Brothers and Big Sisters of Dane County, Inc. has a \$200,000 line of credit upon which it can draw as needed (as further discussed in Note 5).

Big Brothers and Big Sisters of Dane County, Inc. also maintains an endowment. The purpose of the Endowment is to provide consistent annual distributions to the ongoing operations of Big Brothers and Big Sisters of Dane County, Inc. as well as provide scholarship funds to Littles while preserving principal and the financial power of the endowment. The endowment consists of:

1. *Board-Designated funds.* The endowment fund includes assets designated by the board to function as endowment funds. These funds resulted from past fundraising efforts which yielded funds above those needed to manage day-to-day operations and were received with no donor restrictions. The Board of Directors can decide at any time to undesignate these funds as endowment funds.

Investments held by the Madison Community Foundation (MCF) are considered board-designated endowment funds. The assets are controlled by MCF. Donations can be made to Big Brothers and Big Sisters of Dane County, Inc. through MCF. MCF determines an annual distribution calculated over 12 quarters and representing 4.25% of the average value of the assets.

**BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.**  
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NOTE 16 – LIQUIDITY AND AVAILABILITY (continued)

2. *Donor Restricted Funds.* The endowment fund includes donations that have donor-imposed restrictions. These restrictions require the preservation of the original donation principal or have designated the donation to be used for a specific purpose. The Board of Directors may not change the donor restrictions unless expressly granted by the donor.

NOTE 17 – COVID-19

Big Brothers and Big Sisters of Dane County, Inc.'s operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on Big Brothers and Big Sisters of Dane County, Inc. is uncertain; however, it may result in a material adverse impact on Big Brothers and Big Sisters of Dane County, Inc.'s financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to Big Brothers and Big Sisters of Dane County, Inc.'s donors and revenues, absenteeism in Big Brothers and Big Sisters of Dane County, Inc.'s workforce, and a decline in value of assets held by Big Brothers and Big Sisters of Dane County, Inc..

NOTE 18 – SUBSEQUENT EVENTS

Big Brothers and Big Sisters of Dane County, Inc. applied for a second PPP loan for \$174,682 on January 21, 2021 and was approved on February 1, 2021.

In 2021, Big Brothers and Big Sisters of Dane County, Inc. will be the beneficiary of the Humerology grant, from a student group that raises money based on its comedy performances. The receipt of this grant is a conditional pledge; however, the amount is unknown as it is based on the performances occurring in 2021.