

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

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Big Brothers and Big Sisters of Dane County, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Big Brothers and Big Sisters of Dane County, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers and Big Sisters of Dane County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers and Big Sisters of Dane County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

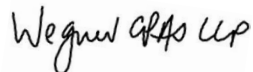
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers and Big Sisters of Dane County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers and Big Sisters of Dane County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Wegner CPAs, LLP
Madison, Wisconsin
February 21, 2022

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 815,676	\$ 367,303
Unconditional promises to give	144,412	116,354
Prepaid expenses	<u>21,424</u>	<u>20,452</u>
Total current assets	981,512	504,109
FURNITURE AND EQUIPMENT		
Furniture and equipment	17,614	17,614
Accumulated depreciation	<u>(17,522)</u>	<u>(17,153)</u>
Furniture and equipment, net	92	461
OTHER ASSETS		
Unconditional promises to give	105,000	200,000
Investments	669,015	586,745
Beneficial interest in assets held by Madison Community Foundation	<u>19,836</u>	<u>17,439</u>
Total assets	<u><u>\$ 1,775,455</u></u>	<u><u>\$ 1,308,754</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,739	\$ 11,487
Accrued expenses	66,527	48,909
Refundable advance	25,000	-
Deferred revenue	-	3,740
Paycheck Protection Program loan	<u>-</u>	<u>174,500</u>
Total current liabilities	106,266	238,636
NET ASSETS		
Without donor restrictions	1,070,765	527,203
With donor restrictions	<u>598,424</u>	<u>542,915</u>
Total net assets	<u>1,669,189</u>	<u>1,070,118</u>
Total liabilities and net assets	<u><u>\$ 1,775,455</u></u>	<u><u>\$ 1,308,754</u></u>

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Contributions	\$ 565,390	\$ 316,999	\$ 882,389
Paycheck Protection Program Loans	349,182	-	349,182
Allocation and contributions from United Way	177,345	-	177,345
Special events	417,836	-	417,836
Cost of direct benefits to donors	(28,172)	-	(28,172)
Change in beneficial interest in assets held by MCF	3,063	-	3,063
Investment return, net	75,167	-	75,167
Other income	-	-	-
	<u>1,559,811</u>	<u>316,999</u>	<u>1,876,810</u>
EXPENSES			
Program Services			
Enrollment	129,367	-	129,367
School Friends	97,627	-	97,627
Community	415,543	-	415,543
Back-to-School	19,851	-	19,851
Other	15,091	-	15,091
Supporting Activities			
Management and general	212,594	-	212,594
Fundraising	387,666	-	387,666
	<u>1,277,739</u>	<u>-</u>	<u>1,277,739</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS			
Satisfaction of purpose restrictions	125,490	(125,490)	-
Expiration of time restrictions	136,000	(136,000)	-
	<u>261,490</u>	<u>(261,490)</u>	<u>-</u>
Change in net assets	543,562	55,509	599,071
Net assets at beginning of year	<u>527,203</u>	<u>542,915</u>	<u>1,070,118</u>
Net assets at end of year	<u>\$ 1,070,765</u>	<u>\$ 598,424</u>	<u>\$ 1,669,189</u>

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
SUPPORT AND REVENUE			
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 assets held by MCF	1,124	-	1,124
Investment return, net	70,402	-	70,402
Other income	15,757	-	15,757
Total support and revenue	1,109,461	397,751	1,507,212
EXPENSES			
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
Total expenses	1,159,159	-	1,159,159
NET ASSETS RELEASED FROM DONOR RESTRICTIONS			
Satisfaction of purpose restrictions	78,929	(78,929)	-
Expiration of time restrictions	129,901	(129,901)	-
Total net assets released from donor restrictions	208,830	(208,830)	-
Change in net assets	159,132	188,921	348,053
Net assets at beginning of year	368,071	353,994	722,065
Net assets at end of year	\$ 527,203	\$ 542,915	\$ 1,070,118

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services					Supporting Activities		Cost of Direct Benefits to Donors	Total
	Enrollment	School Friends	Community	Back-to-School	Other	Management and General	Fundraising		
Salaries	\$ 89,448	\$ 72,994	\$ 262,112	\$ -	\$ -	\$ 77,889	\$ 211,824	\$ -	\$ 714,267
Employee benefits	10,612	7,243	48,695	-	-	11,454	27,079	-	105,083
Payroll taxes	6,979	5,489	19,659	-	-	5,682	15,547	-	53,356
Total salaries and related expenses	107,039	85,726	330,466	-	-	95,025	254,450	-	872,706
Contract services	9,697	1,881	10,967	-	7,764	58,731	92,796	-	181,836
Food and supplies	342	1,985	9,256	6,067	1,514	8,156	2,815	20,086	50,221
Telephone	675	125	1,817	-	-	5,571	1,170	-	9,358
Postage, shipping, and printing	2	-	241	-	284	2,998	17,733	-	21,258
Insurance	2,254	2,171	6,455	-	1,214	1,352	4,115	-	17,561
Occupancy	5,831	5,615	17,044	-	1,101	3,497	10,643	-	43,731
Travel	1,191	-	1,842	41	197	203	1,010	-	4,484
Conferences and meetings	2,150	75	730	5	2,511	2,037	2,752	-	10,260
Advertising	-	-	-	-	506	2,726	89	-	3,321
Assistance to individuals	-	-	24,082	-	-	-	-	-	24,082
Dues to affiliates	-	-	-	-	-	17,113	-	-	17,113
Depreciation	51	49	146	-	-	30	93	-	369
Equipment and maintenance	135	-	580	-	-	14,105	-	-	14,820
Total expenses before contributed goods	129,367	97,627	403,626	6,113	15,091	211,544	387,666	20,086	1,271,120
Contributed goods	-	-	11,917	13,738	-	1,050	-	8,086	34,791
Total expenses	129,367	97,627	415,543	19,851	15,091	212,594	387,666	28,172	1,305,911
Less expenses included with support and revenue on the statement of activities	-	-	-	-	-	-	-	(28,172)	(28,172)
Total expenses included in expenses section of the statement of activities	\$ 129,367	\$ 97,627	\$ 415,543	\$ 19,851	\$ 15,091	\$ 212,594	\$ 387,666	\$ -	\$ 1,277,739

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 Benefit 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	4,553	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 the 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.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 599,071	\$ 348,053
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	369	368
Donated stock	(1,153)	-
Paycheck Protection Program loans forgiveness	(349,182)	-
Net realized and unrealized (gain) loss on investments	(78,798)	(53,406)
Net change in value of beneficial interest in assets held by MCF	(3,063)	(1,124)
(Increase) decrease in assets		
Unconditional promises to give	66,942	(235,376)
Prepaid expenses	(972)	(6,533)
Increase (decrease) in liabilities		
Accounts payable	3,252	(571)
Accrued expenses	17,618	8,322
Refundable advance	25,000	-
Deferred revenue	(3,740)	3,740
Net cash flows from operating activities	275,344	63,473
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions from beneficial interest in assets held by MCF	666	651
Purchases of and interest retained in investments	(2,319)	(22,499)
Net cash flows from investing activities	(1,653)	(21,848)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loans	174,682	174,500
Net change in cash	448,373	216,125
Cash at beginning of year	367,303	151,178
Cash at end of year	\$ 815,676	\$ 367,303
SUPPLEMENTAL DISCLOSURES		
Noncash investing activities		
Donated stock	\$ 1,153	\$ -

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Big Brothers and Big Sisters of Dane County, Inc. (BBBS) 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, 2021 and 2020 receivable in more than one year were \$105,000 and \$200,000.

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, 2021 and 2020

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 2021 and 2020 include donated investment services of \$6,000 and \$5,000 provided by a donor in 2021 and 2020.

Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation. Furniture and equipment with a value over \$2,500 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.

School Friends Mentoring

Online mentoring program for K thru 8th grade Littles. Takes place over Zoom 1x/week during the school day. BBBS provides activities and conversation starters to help Matches get to know each other during their sessions. Matches do not meet in person.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Community

Community-Based Mentoring (In-Person)

The core, traditional program of BBBS involves an adult mentor “Big” matched with a child “Little”. These community-based mentoring relationships involve one-on-one outings and activities, doing things the Big and Little enjoy together like: taking a walk in the park, going to a museum, listening to music, or hanging out and talking. Some Bigs meet with their Littles on the weekends. Others get together with their Littles on weekday evenings. Each match is unique and develops a schedule that works for them. Each match is supervised and supported by an agency Match Support Specialist.

Hybrid Community-Based Mentoring (Virtual & In-Person)

Online and in-person mentoring program for Littles ages 6-18. Aligned with public health guidelines; Matches are currently meeting online, based on their schedules and interests. BBBS staff provide activity options and support to help Matches connect and get to know each other. Allows for optional in-person outings during COVID (must follow our COVID Match Outing Policy). Can meet regularly in person once public health restrictions lift.

Virtual Community-Based Mentoring

Online mentoring program for Littles ages 6-18. Bigs and Littles meet online, based on their schedules and interests. Typically matches meet 1x/week for 30-60 minutes. Matches can use a variety of ways to connect; some meet on FaceTime, some are email pen-pals, some play video games online—it is flexible to fit the Match. BBBS staff provide activity options and support to help Matches get to know each other. Matches do not meet in person.

Community programming includes the High School and Elementary programs which were separately identified in the statement of functional expenses at December 31, 2020.

Back-to-School

An 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 training to support BBBS’ 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.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2021 and 2020 totaled \$3,321 and \$25.

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 21, 2022, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Big Brothers and Big Sisters of Dane County, Inc. maintains its cash balances at two financial institutions in Madison, Wisconsin. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021 and 2020, Big Brothers and Big Sisters of Dane County, Inc.'s uninsured cash balances totaled \$416,991 and \$97,319.

NOTE 3 – INVESTMENTS

Investments at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 46,968	\$ 548,467
Money market funds	<u>622,047</u>	<u>38,278</u>
Total investments	<u>\$ 669,015</u>	<u>\$ 586,745</u>

Mutual funds are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 2021 and 2020. Big Brothers and Big Sisters of Dane County, Inc. received distributions of \$666 and \$651 in 2021 and 2020.

NOTE 5 – LINE OF CREDIT

Big Brothers and Big Sisters of Dane County, Inc. has a \$200,000 line of credit agreement with Park Bank that expires August 27, 2022. The interest rate on outstanding principal is prime plus 1% with a floor of 4%. At December 31, 2021, the interest rate was 3.25%. The line of credit is secured by Big Brothers and Big Sisters of Dane County, Inc.'s assets. At December 31, 2021 and 2020 there was no outstanding balance on the line of credit.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

Big Brothers and Big Sisters of Dane County, Inc. received loans totaling \$349,182 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by Big Brothers and Big Sisters of Dane County, Inc. during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years. On January 19, 2021, the SBA approved forgiveness of Big Brothers and Big Sisters of Dane County, Inc.'s first draw loan and accrued interest. On September 13, 2021, the SBA approved forgiveness of Big Brothers and Big Sisters of Dane County, Inc.'s second draw loan and accrued interest. Big Brothers and Big Sisters of Dane County, Inc. must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Big Brothers and Big Sisters of Dane County, Inc.'s good-faith certification concerning the necessity of its loan request, whether Big Brothers and Big Sisters of Dane County, Inc. calculated the loan amount correctly, whether Big Brothers and Big Sisters of Dane County, Inc. used loan proceeds for the allowable uses specified in the CARES Act, and whether Big Brothers and Big Sisters of Dane County, Inc. is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Big Brothers and Big Sisters of Dane County, Inc. was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
For future operations	\$ 463,500	\$ 411,000
Community	15,000	-
Bowlin' for Kids' Sake/The Hunt	3,000	4,750
Matchmaker	-	5,241
Gala	<u>7,500</u>	<u>13,500</u>
Net assets with donor restrictions	489,000	434,491
Net assets with donor restrictions in perpetuity	<u>109,424</u>	<u>108,424</u>
Total net assets with donor restrictions	<u>\$ 598,424</u>	<u>\$ 542,915</u>

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Board-designated endowment funds	\$ 560,591	\$ 478,321
Board-designated - MCF	19,836	17,439
Undesignated	<u>490,338</u>	<u>31,443</u>
Net assets without donor restrictions	<u>\$ 1,070,765</u>	<u>\$ 527,203</u>

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>2021</u>	<u>2020</u>
Gross revenue	\$ 417,836	\$ 329,103
Cost of special events		
Bowlin' for Kids' Sake/The Hunt	21,904	19,117
Gala	<u>83,981</u>	<u>35,620</u>
Cost of special events	<u>105,885</u>	<u>54,737</u>
Net income from special events	<u>\$ 311,951</u>	<u>\$ 274,366</u>

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 10 – OPERATING LEASES

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 requires monthly payments of \$3,523 for January 2021 through December 2022. In 2021, Big Brothers and Big Sisters of Dane County, Inc. entered into a copier lease with GFC through March 2026. The copier lease requires monthly payments of \$159. Rental expense for the office lease in 2021 and 2020 was \$42,280. Future minimum lease payments for 2022, 2023, 2024, 2025, and 2026 are \$44,190, \$1,910, \$1,910, \$1,910, and \$478, respectively.

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 \$12,651 and \$13,293 for 2021 and 2020.

NOTE 12 – FAIR VALUE MEASUREMENTS

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	
	2021	2020
Beginning balance	\$ 17,439	\$ 16,966
Change in value of beneficial interest included in change in net assets	3,063	1,124
Distribution	(666)	(651)
Ending balance	\$ 19,836	\$ 17,439

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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	2021 Total
Donor-restricted endowment funds	\$ -	109,424	\$ 109,424
Board-designated endowment funds	560,591	-	560,591
Board-designated - MCF	19,836	-	19,836
Total	\$ 580,427	\$ 109,424	\$ 689,851
	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
Total	\$ 495,760	\$ 108,424	\$ 604,184

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, 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	495,760	108,424	604,184
Contributions	-	1,000	1,000
Investment return	8,976	-	8,976
Net appreciation	75,913	-	75,913
Appropriation for expenditures	(222)	-	(222)
Endowment net assets at December 31, 2021	\$ 580,427	\$ 109,424	\$ 689,851

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 14 – RELATED PARTY

In 2021 and 2020, Big Brothers and Big Sisters of Dane County, Inc. received \$17,616 and \$9,527 in donated materials from several board members.

Big Brothers and Big Sisters of Dane County, Inc. worked with a marketing organization for various design services totaling \$6,470 and \$175 for December 31, 2021 and 2020 where a member of management has a family relationship with this organization.

NOTE 15 – FUTURE COMMITMENTS

Big Brothers and Big Sisters of Dane County, Inc. has a three year agreement through 2024 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 \$1,500 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, 2021 and 2020, 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:

	2021	2020
Financial assets at year-end	\$ 1,753,939	\$ 1,287,841
Less those unavailable for general expenditures within one year due to:		
Board designated endowment and MCF	(580,427)	(495,760)
Restricted by donor with purpose restrictions	(25,500)	(23,491)
Restricted by donor with time restrictions of more than one year	(105,000)	(200,000)
Restricted by donor for perpetuity	(109,424)	(108,424)
Financial assets available to meet cash needs for general expenditures within one year	\$ 933,588	\$ 460,166

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 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 management liability, Big Brothers Big Sisters of Dane County, Inc. has a \$200,000 line of credit upon which it can draw as needed.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 16 – LIQUIDITY AND AVAILABILITY (continued)

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 Big Sisters of Dane County, Inc. as well as provide scholarship funds to Littles while preserving principal and financial power of the endowment. The endowment consists of:

1. Board-Designated funds. The endowment fund includes assets designed by the board to function as endowment funds. These funds resulted from past fundraising efforts which yielded funds above those needed to manage the 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 BBBS through MCF. MCF determines an annual distribution calculated over 12 quarters and representing 4.25% of the average value of the assets.

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 stipulations 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.