



Big Brothers Big Sisters of Puget Sound

Financial Statements Years Ended August 31, 2020 and 2019

Big Brothers Big Sisters of Puget Sound

Financial Statements
Years Ended August 31, 2020 and 2019

Big Brothers Big Sisters of Puget Sound

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Independent Auditor's Report

To the Board of Directors
Big Brothers Big Sisters of Puget Sound
Seattle, Washington

We have audited the accompanying financial statements of Big Brothers Big Sisters of Puget Sound, which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statement 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Puget Sound as of August 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Big Brothers Big Sisters of Puget Sound as of and for the year ended August 31, 2019, were audited by Peterson Sullivan LLP (PS), whose partners and professional staff joined BDO USA, LLP as of November 1, 2019, and has subsequently ceased operations. PS expressed an unmodified opinion on those statements in their report dated December 11, 2019.

BDO USA, LLP

May 28, 2021

Financial Statements

Big Brothers Big Sisters of Puget Sound

Statements of Financial Position

<i>August 31,</i>	2020	2019
Assets		
Current Assets		
Cash	\$ 1,990,007	\$ 1,588,090
Investments, short-term	11,175	-
Pledges and grants receivable, net of allowance	626,719	244,517
Other receivables	19,265	26,942
Prepaid expenses, inventory, and other assets	241,772	210,816
Total Current Assets	2,888,938	2,070,365
Investments, long-term	1,030,068	872,752
Pledges and grants receivable, long term, net of discount	-	59,573
Property and equipment, net	1,028,431	1,026,474
Total Assets	\$ 4,947,437	\$ 4,029,164
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 138,512	\$ 65,157
Deferred revenue	110,900	38,000
Accrued expenses and other liabilities	169,369	182,763
Paycheck Protection Program loan, current portion	86,365	-
Total Current Liabilities	505,146	285,920
Paycheck Protection Program loan, net of current portion	370,763	-
Total Liabilities	875,909	285,920
Net Assets		
Without donor restrictions		
Undesignated	2,386,111	2,430,951
Board-designated	1,041,243	872,752
Total without donor restrictions	3,427,354	3,303,703
With donor restrictions	644,174	439,541
Total Net Assets	4,071,528	3,743,244
Total Liabilities and Net Assets	\$ 4,947,437	\$ 4,029,164

See accompanying notes to financial statements.

Big Brothers Big Sisters of Puget Sound

Statements of Activities

Year Ended August 31,	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants and donor contributions	\$ 897,941	\$ 1,450,610	\$ 2,348,551	\$ 921,179	\$ 1,340,571	\$ 2,261,750
In-kind contributions	82,046	-	82,046	108,317	-	108,317
Special events	1,244,629	-	1,244,629	1,210,226	5,000	1,215,226
Investment income	17,403	-	17,403	6,428	-	6,428
Revenue from sales of donated household goods	777,998	-	777,998	1,113,759	-	1,113,759
Other revenue	40,608	-	40,608	54,596	-	54,596
Net assets released from donor restrictions	1,245,977	(1,245,977)	-	1,029,507	(1,029,507)	-
Total Support and Revenue	4,306,602	204,633	4,511,235	4,444,012	316,064	4,760,076
Direct costs of special events	(267,405)	-	(267,405)	(351,029)	-	(351,029)
Direct costs of sales of donated household goods	(634,880)	-	(634,880)	(762,559)	-	(762,559)
	3,404,317	204,633	3,608,950	3,330,424	316,064	3,646,488
Expenses						
Program services	2,357,544	-	2,357,544	1,949,578	-	1,949,578
Fundraising	480,332	-	480,332	467,500	-	467,500
Management and general	442,790	-	442,790	269,442	-	269,442
Total Expenses	3,280,666	-	3,280,666	2,686,520	-	2,686,520
Change in Net Assets	123,651	204,633	328,284	643,904	316,064	959,968
Net Assets, beginning of year	3,303,703	439,541	3,743,244	2,659,799	123,477	2,783,276
Net Assets, end of year	\$ 3,427,354	\$ 644,174	\$ 4,071,528	\$ 3,303,703	\$ 439,541	\$ 3,743,244

See accompanying notes to financial statements.

Big Brothers Big Sisters of Puget Sound

Statements of Functional Expenses

Year Ended August 31,	2020				2019			
	Program Services	Fundraising	Management and General	Total	Program Services	Fundraising	Management and General	Total
Salaries, benefits, and payroll taxes, including 401(k) expense of \$41,227 and \$41,393	\$ 1,703,405	\$ 300,217	\$ 179,926	\$ 2,183,548	\$ 1,436,667	\$ 368,270	\$ 186,494	\$ 1,991,431
Event food and rentals	-	165,814	-	165,814	-	187,366	-	187,366
Professional fees	238,063	75,734	224,112	537,909	93,913	31,771	44,507	170,191
In-kind expenses	42,574	17,728	153	60,455	76,893	21,554	8,132	106,579
Occupancy costs	63,646	7,954	3,231	74,831	65,805	7,184	3,920	76,909
Technology and equipment costs	52,343	22,815	12,644	87,802	37,890	21,581	5,583	65,054
Contract services	-	54,750	-	54,750	-	57,979	-	57,979
Event materials and supplies	-	53,196	-	53,196	-	52,629	-	52,629
Depreciation	34,540	8,361	3,243	46,144	31,121	6,442	3,377	40,940
Insurance	34,964	3,534	4,021	42,519	30,759	2,827	4,078	37,664
Participant expenses	23,165	35	-	23,200	30,442	189	-	30,631
National/regional dues	42,085	-	-	42,085	25,609	-	135	25,744
Printing and publications	1,356	3,076	1,261	5,693	18,456	4,831	1,695	24,982
Office supplies and expense	4,830	470	589	5,889	21,427	1,160	1,380	23,967
Staff recruitment and training	46,366	9,816	4,193	60,375	11,513	9,431	932	21,876
Bad debt expense	-	12,997	-	12,997	-	20,317	-	20,317
Volunteer screening and expenses	21,721	-	88	21,809	19,784	-	122	19,906
Miscellaneous	16,416	1,116	357	17,889	6,177	10,915	1,909	19,001
Telephone	18,995	2,333	1,518	22,846	15,232	1,421	1,253	17,906
Conferences and meetings	816	512	4,017	5,345	11,069	2,195	4,174	17,438
Travel, auto, and meals	9,999	1,066	526	11,591	14,449	1,486	345	16,280
Credit card and bank fees	-	4,453	2,582	7,035	-	7,486	1,131	8,617
Postage	2,260	1,760	329	4,349	2,372	1,495	275	4,142
Total Expenses	2,357,544	747,737	442,790	3,548,071	1,949,578	818,529	269,442	3,037,549
Less: Special event expenses	-	267,405	-	267,405	-	351,029	-	351,029
Total expenses included in expense section on the statement of activities	\$ 2,357,544	\$ 480,332	\$ 442,790	\$ 3,280,666	\$ 1,949,578	\$ 467,500	\$ 269,442	\$ 2,686,520

See accompanying notes to financial statements.

Big Brothers Big Sisters of Puget Sound

Statements of Cash Flows

<i>Year Ended August 31,</i>	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 328,284	\$ 959,968
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	70,957	62,534
(Gain) loss on investments	(10,565)	195
Bad debt expense	(12,997)	20,317
Changes in operating assets and liabilities		
Receivables	(301,955)	(196,869)
Prepaid expenses and other assets	(30,956)	(14,252)
Accounts payable	73,355	9,852
Accrued expenses and other liabilities	(13,394)	14,096
Deferred revenue	72,900	(64,000)
Net Cash Flows from Operating Activities	175,629	791,841
Cash Flows for Investing Activities		
Additions to property and equipment	(72,914)	(78,566)
Purchase of investments (including reinvested interest)	(157,926)	(7,498)
Net Cash Flows for Investing Activities	(230,840)	(86,064)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program loan	457,128	-
Net Cash Flows from Financing Activities	457,128	-
Net Change in Cash and Cash Equivalents	401,917	705,777
Cash, beginning of year	1,588,090	882,313
Cash, end of year	\$ 1,990,007	\$ 1,588,090

See accompanying notes to financial statements.

Big Brothers Big Sisters of Puget Sound

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

Big Brothers Big Sisters of Puget Sound (BBBSPS or the Organization) is a nonprofit organization whose mission is to create and support one-to-one mentoring relationships that ignite the power and promise of youth. Its vision is that all youth achieve their full potential. BBBSPS is an affiliate of Big Brothers Big Sisters of America (BBBSA). The Organization's service area includes King, Pierce, Jefferson, Kitsap, and Clallam Counties in the state of Washington; it currently has offices in King and Pierce Counties.

The Organization has provided mentoring services to children and youth in its service area for over 60 years. Using community-based, school-based, and career-centered approaches, BBBSPS mentoring programs boost academic achievement and social-emotional development for children and youth.

The mentoring program funding is provided through donor contributions, grants from foundations, corporations, governments, BBBSA, and special events. In addition, the Organization operates a Donation Center, which receives donated household goods and resells them. The net proceeds from the resold goods are used to fund mentoring programs.

Financial Statement Presentation

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

Use of Estimates

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

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met.

Net assets with donor restrictions consist of the following at August 31:

	2020	2019
Time restrictions	\$ 41,864	\$ 115,000
Mentoring programs	602,310	302,863
Other projects	-	21,678
	\$ 644,174	\$ 439,541

Big Brothers Big Sisters of Puget Sound

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Board-Designated Net Assets

BBBSPS maintains a board-designated reserve fund, the objective of which is to help ensure the long-term financial stability of BBBSPS operations. The reserve fund is held and directed separately from operating funds. The reserve fund is invested at the discretion of the Finance Committee of the Board, consistent with the Organization's investment policy. As of August 31, 2020 and 2019, the reserve fund was invested in cash, money market funds, and certain bond funds.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Cash

Cash consists of cash held in banks, which, at times, may include deposits in excess of federally insured limits. Cash and cash equivalents held in bank and brokerage accounts as part of the reserve fund are presented as investments on the statements of financial position.

Investments

Investments are recorded at fair value using Level 1 inputs determined by the quoted market price of these securities traded on national exchanges. Cash and cash equivalents held with the reserve fund are presented as part of investments in these financial statements.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are recorded at estimated fair value at the date of gift. Depreciation is recorded on the straight-line method over estimated useful lives of the assets ranging from 3 to 39 years. BBBSPS capitalizes property and equipment with a cost of \$1,000 or more and a useful life of one year or more.

Pledges and Grants Receivable

Pledges receivable consist of unconditional promises to give and are recognized when the pledge is made. Pledges that are expected to be received within one year of the financial statement date are valued at net realizable value (the face amount of the pledge less an allowance based on collectibility). Pledges that are expected to be received more than one year after the financial statement date are reflected at the present value of their estimated future cash flows after any

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allowance for uncollectible amounts, using a risk-adjusted discount rate applicable to the years in which the promises are received.

Management reviews the collectibility of receivables on a periodic basis and determines the appropriate amount of any allowance. BBBSPS charges off receivables to the allowance when management determines that a receivable is not collectible. Management has established an allowance for uncollectible receivables of \$11,342 and \$11,510 as of August 31, 2020 and 2019, respectively. The allowance is netted with the pledges and grants receivable balance on the statements of financial position.

At August 31, 2020 and 2019, receivables from two and three organizations accounted for 74% and 63% of pledges and grants receivable, respectively.

Grants and Donor Revenue

Contributions are recognized as revenue at the date received or unconditionally promised and are recorded as support with or without restrictions depending on the existence and nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions or promises to give that are subject to donor-imposed conditions are not recognized as revenue until the period when the conditions are met.

There were two donors contributing 44% of total revenues during the year ended August 31, 2020. There were no donors with contributions above 10% of the Organization's total revenue during the year ended August 31, 2019.

Special Event Revenue

Throughout the period, the Organization hosts a number of events to raise funds for its operations. Revenue is recognized at the time of the event except for any amounts solicited in conjunction with the event which are given as unconditional contributions at the time of the gift.

In-Kind Contributions

BBBSPS recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Volunteers contribute thousands of hours of their time annually as Big Brothers and Big Sisters. Each volunteer Big Brother or Big Sister spends from 4 to 12 hours every month with his or her Little Brother or Little Sister. Management estimates that volunteers contributed 82,000 and 83,000 hours for the years ended August 31, 2020 and 2019, respectively. Volunteer mentor services contributed to BBBSPS do not meet criteria for financial statement recognition in conformity with accounting principles generally accepted in the United States of America and, therefore, are not reflected in the accompanying financial statements. The BBBSPS program model of using community volunteers to provide program services has an impact on the Organization's fundraising and administration percentage, which was 28% and 27% for 2020 and 2019, respectively, based on the statement of activities. An approximate economic value for this volunteer time contributed in 2020 and 2019 for Washington State is \$33.02 and \$31.72 per hour using the most recent data released by the U.S. Bureau of Labor Statistics, respectively. Applying this rate, BBBSPS volunteer mentor services can be valued at \$2,707,640 and \$2,632,760 for 2020 and 2019, respectively. Including this economic

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value of donated mentor services as part of program expenses would result in the calculation of fundraising and administration expenses as a percentage of total organization expenses of 15% and 14% for 2020 and 2019, respectively.

In addition, the Donation Center receives donated household items and resells them. Revenue for these in-kind contributions of household items is recognized when the household items are sold.

Information Regarding Liquidity and Availability

Financial assets available for general expenditure within one year of the date of the statement of financial position comprise the following:

	2020	2019
Cash	\$ 1,990,007	\$ 1,588,090
Investments convertible to cash within one year	1,041,243	872,752
Accounts and donations receivable	645,984	331,032
Total Financial Assets	3,677,234	2,791,874
Less: Those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(644,174)	(439,541)
Add back: amounts available for use within one year	444,976	316,275
	(199,198)	(123,266)
Board Designations		
Amounts set aside for liquidity reserve	(1,041,243)	(872,752)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,436,793	\$ 1,795,856

The Organization regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programmatic activities as well as the services that support those activities to be general expenditures. BBBSPS receives contributions with donor restrictions, and financial assets not available to meet general expenditures within one year may include assets with donor restrictions that are not expected to be met within the following year.

The Organization's major fundraising event, its annual gala dinner and auction, is held in the Fall. The net auction revenue generated has supported over 24% of cash expenses incurred by BBBSPS during each of the last three fiscal years.

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The Organization has a \$500,000 line of credit (see Note 5) that can be drawn upon in the event of an unanticipated liquidity need. In addition, the Organization maintains an operating reserve (see Note 2), which had a balance of \$1,041,243 and \$872,752 at August 31, 2020 and 2019, respectively, that is not included in the total financial assets available to meet cash needs within one year. This covers the board-designated reserve with the objective of maintaining a minimum of three months' worth of operating cash needs in low-risk cash, cash equivalents, and fixed-income securities to meet unexpected financial and liquidity needs. This reserve could be drawn upon with the approval of the governing board.

Income Taxes

BBBSPS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs and other services have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that received benefit. Expenses that benefit more than one function are allocated using a reasonable basis for the particular expense being allocated. Major expenses that are allocated include office and occupancy expenses, information technology support and depreciation, which are allocated on the basis of personnel headcount, as well as some salaries and fringe and related expenses, which are allocated on the basis of estimates of time and effort.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The pronouncement was issued to clarify the principles for recognizing revenue, and the core principle of the guidance is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the organization satisfies a performance obligation

In May 2020, the FASB proposed deferral of the effective date for Topic 606 for one year for all privately held entities that have not yet issued financial statements at the date the final ASU is issued, which was June 3, 2020. As such, BBBSPS is electing to defer implementation of Topic 606 until the year ending August 31, 2021.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to

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whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU assists in the determination of the nature of the transaction, which then governs the revenue recognition methodology and timing of the transaction. The ASU is effective for contributions received by BBBSPS in periods beginning after December 15, 2018. BBBSPS adopted this update in fiscal year 2020 under the modified prospective basis. The adoption of this update did not materially impact contribution revenue in the financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires the disaggregation of the amount of contributed nonfinancial assets by category and certain qualitative information, such as the valuation techniques and inputs used to arrive at the fair value of the contributed nonfinancial assets. The amendments within this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. BBBSPS is electing to defer implementation of this ASU until the year ending August 31, 2022.

Subsequent Events

BBBSPS has evaluated subsequent events through the date these financial statements were available to be issued, which was May 28, 2021 (See Note 11).

2. Investments

The purpose of the investments is to provide long-term financial support for BBBSPS, so the Organization has elected to present most investments as a noncurrent asset.

Investments consist of the following at August 31:

	2020	2019
Cash and cash equivalents	\$ 3	\$ 802,142
Bond funds	73,353	70,610
Money market funds	478,215	-
Mutual funds	478,497	-
	\$ 1,030,068	\$ 872,752

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Notes to Financial Statements

3. Pledges and Grants Receivable

Pledges and grants receivable are as follows at August 31:

	2020	2019
Receivable in less than one year	\$ 637,229	\$ 251,527
Less: Allowance for uncollectible receivables	(10,510)	(7,010)
Total Current Receivables	626,719	244,517
Receivables in more than one year	-	65,000
Less: Allowance for uncollectible receivables	-	(4,500)
Less: Discount	-	(927)
Total Noncurrent Receivables	\$ -	\$ 59,573

4. Property and Equipment

Property and equipment consist of the following at August 31:

	2020	2019
Furniture and equipment	\$ 361,300	\$ 303,174
Improvements	486,094	471,306
Buildings	680,841	680,841
Land	298,429	298,429
	1,826,664	1,753,750
Less: Accumulated depreciation	(798,233)	(727,276)
	\$ 1,028,431	\$ 1,026,474

5. Line of Credit

Under a line of credit agreement with a bank, BBBSPS may borrow up to \$500,000 with interest accruing at the greater of the bank's floating rate plus 0% or the floor rate of 5.50%. The line of credit matures on April 15, 2022. The balance on the line of credit was zero at August 31, 2020 and 2019.

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6. Commitments and Contingencies

BBBSPS leases office space and equipment under operating lease agreements. Rent expense was \$142,385 and \$137,001 for the periods ended August 31, 2020 and 2019, respectively. Future minimum lease payments under the agreements are as follows for the years ending August 31:

2021	\$	79,824
2022		66,618
2023		33,192
2024		13,959
2025		8,019
		<hr/>
		\$ 201,612

BBBSPS is, from time to time, involved in various litigation and legal matters, which are defended and handled in the ordinary course of business. The costs of any claims with respect to these matters, if any, are reflected in the financial statements at the time such costs can reasonably be estimated.

7. Donation Center

Direct costs of sales of donated household goods are shown as a reduction in total support and revenue in the statements of activities. The following is a detail of the direct costs of sales of donated household goods for the years ended August 31:

	2020	2019
Salaries, benefits, and payroll taxes	\$ 325,550	\$ 466,716
Miscellaneous	110,879	50,730
Truck expenses	92,348	124,890
Occupancy	29,249	21,472
Depreciation	24,813	21,594
Partner revenue share	16,774	26,490
Insurance	14,733	14,404
Materials and supplies	10,851	17,374
Disposal costs	8,542	16,981
Repair and maintenance	1,141	1,908
		<hr/>
Total Operating Expenses	\$ 634,880	\$ 762,559

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Notes to Financial Statements

8. Paycheck Protection Program Loan

BBBSPS applied for, and received, a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (See Note 10) of \$457,128. The PPP loan incurs interest at 1% and is unsecured. The principal and interest are forgivable if the proceeds are spent on certain qualifying costs during the 24 week period following the date the note was issued. Qualified costs are considered as at least 60% of the loan amount on payroll costs, and up to 40% on non-payroll costs, including rent and utilities. Interest payments are deferred for the first 10 months of the period following the 24-week period. If the loan is not forgiven, monthly payments of principal and interest become due and are payable as follows: \$86,365 in fiscal year 2021 and \$370,763 fiscal year 2022.

Subsequent to August 31, 2020, BBBSPS received notification that the PPP loan had been forgiven by the Small Business Administration (SBA).

9. Related Party Transactions

Annual dues and technology licensing fees paid to Big Brothers Big Sisters of America (BBBSA) were \$44,502 and \$26,381 during the years ended August 31, 2020 and 2019, respectively. During the years ended August 31, 2020 and 2019, BBBSPS received funding from BBBSA of \$435,161 and \$297,807, respectively, in the form of pass-through contributions. Pass-through contributions are awarded annually from BBBSA to various Big Brothers Big Sisters agencies across the nation.

10. COVID-19, CARES Act, and the Consolidated Appropriateness Act

COVID-19

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. While many businesses and nonprofits have been shut down, BBBSPS continues to operate during the outbreak and, as of this report date, has not experienced significant impacts to its financial condition or liquidity. However, given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, BBBSPS is not able to estimate the effects of the pandemic on its future operations, financial condition or liquidity for fiscal year 2021. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, supplies, industry, and workforce.

The CARES Act and the Consolidated Appropriations Act

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act”. The CARES Act, among other things, includes provision relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical

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corrections to the tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small business and nonprofits harmed by COVID-19. BBBSPS applied for and received a PPP loan during 2020 totaling \$457,128 (See Note 8).

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 bill which included additional economic stimulus and COVID-19 related relief including additional PPP funds and expansion of the Employee Retention Credit.

BBBSPS continues to examine the impact that the CARES Act and Consolidated Appropriations Act will have on its financial condition, results of operations, and liquidity.

11. Subsequent Events

In February 2021, BBBSPS received an additional PPP loan of \$457,820. Unless forgiven, BBBSPS will begin monthly payments of \$10,602 beginning June 1, 2022. Interest accrues at 1% and the note matures on February 1, 2026.

On March 11, 2021, President Biden signed into law the “American Rescue Plan Act of 2021” (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. BBBSPS continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.