

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Big Brothers Big Sisters of the Sun Coast, Inc.  
Venice, Florida

We have audited the accompanying financial statements of Big Brothers Big Sisters of the Sun Coast, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 of 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 Big Sisters of the Sun Coast, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Whittaker & Associates, CPA's  
Certified Public Accountants  
Venice, Florida  
October 05, 2020

**BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2020

(See Independent Auditors' Report)

<b>Assets</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 1,334,721	\$ -	\$ 1,334,721
Pledges and grants receivable	379,924	-	379,924
Prepaid expenses	5,556	-	5,556
Total Current Assets	1,720,201	-	1,720,201
<b>Non Current Assets</b>			
Property and equipment, net of \$250,143			
accumulated depreciation	53,895	-	53,895
Rent deposit	10,200	-	10,200
Investments in real estate	5,399	-	5,399
Beneficial interest in the Big Brothers Big Sisters Foundation of the Sun Coast, Inc.	848,086	130,000	978,086
Total Non Current Assets	917,580	130,000	1,047,580
Total Assets	\$ 2,637,781	\$ 130,000	\$ 2,767,781
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 4,329	\$ -	\$ 4,329
Line of credit	1	-	1
Deferred revenue - special events	3,900	-	3,900
Paycheck Protection Program Loan	127,745	-	127,745
Accrued payroll	136,547	-	136,547
Total Current Liabilities	272,522	-	272,522
<b>Net Assets</b>			
Without donor restrictions	2,365,259	-	2,365,259
With donor restrictions	-	130,000	130,000
Total Net Assets	2,365,259	130,000	2,495,259
Total Liabilities and Net Assets	\$ 2,637,781	\$ 130,000	\$ 2,767,781

The accompanying notes are an integral part of these financial statements.

**BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2020

(See Independent Auditors' Report)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue:</b>			
County	\$ 340,125	\$ -	\$ 340,125
State	723,138	-	723,138
Federal	121,716	-	121,716
United Way	293,158	-	293,158
Annual campaign	586,015	-	586,015
Foundations and trusts	496,592	-	496,592
Special events	645,762	-	645,762
Interest income	2,094	-	2,094
PPP Income	281,455	-	281,455
Change in net assets of Big Brothers Big Sisters Foundation of the Sun Coast, Inc.	169,396	-	169,396
Subtotal Support and Revenue	3,659,451	-	3,659,451
Net assets released from restrictions	-	-	-
Total Support and Revenue	3,659,451	-	3,659,451
<b>Expenses:</b>			
Program services	3,084,417	-	3,084,417
Management and general	153,317	-	153,317
Fund raising	105,963	-	105,963
Total Expenses	3,343,697	-	3,343,697
Increase (decrease) in net assets	315,754	-	315,754
Net assets at beginning of year	2,049,505	130,000	2,179,505
Net assets at end of year	\$ 2,365,259	\$ 130,000	\$ 2,495,259

The accompanying notes are an integral part of these financial statements.

**BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2020

(See Independent Auditors' Report)

<b>Cash flows from operating activities:</b>	
Increase (decrease) in net assets	\$ <u>315,754</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
Depreciation	23,193
Change in beneficial interest in BBBS Foundation	(169,396)
Change in pledges and grants receivable	95,679
Change in prepaid expenses	24,595
Change in rent deposits	(3,000)
Change in PPP SBA loan	127,745
Change in accounts payable	(20,985)
Change in accrued payroll	(6,610)
Change in deferred revenue - special events	<u>(29,800)</u>
Total Adjustments	<u>41,421</u>
 Net cash provided (used) by operating activities	 <u>357,175</u>
<b>Cash flows from investing activities:</b>	
Cash paid for property	<u>(8,030)</u>
 Net cash provided (used) by investing activities	 <u>(8,030)</u>
 Net increase (decrease) in cash and equivalents	 349,145
 Cash and equivalents, beginning of year	 <u>985,576</u>
 Cash and equivalents, end of year	 <u>\$ 1,334,721</u>

The accompanying notes are an integral part of these financial statements.

**BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2020

(See Independent Auditors' Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
<b>Payroll and Related:</b>				
Salaries, wages & payroll taxes	\$ 2,313,548	\$ 96,903	\$ 12,113	\$ 2,422,564
403B plan contribution	15,548	651	81	16,280
Group health insurance	99,131	4,152	519	103,802
Total Payroll and Related	<u>2,428,227</u>	<u>101,706</u>	<u>12,713</u>	<u>2,542,646</u>
<b>Program and Administrative:</b>				
Depreciation	22,149	928	116	23,193
Dues, national and other	63,535	7,059	-	70,594
Insurance	55,071	1,703	-	56,774
Marketing and promotion	23,817	1,793	-	25,610
Miscellaneous	3,987	1,401	-	5,388
Occupancy	152,343	9,724	-	162,067
Office supplies	9,382	391	-	9,773
Postage	6,324	333	-	6,657
Printing and copying	36,564	1,924	-	38,488
Professional fees	-	13,238	-	13,238
Program activities	44,753	-	-	44,753
Screening and evaluations	24,296	-	-	24,296
Special events	55,881	6,209	93,134	155,224
Staff development	10,396	1,155	-	11,551
Technology expenses	87,402	1,784	-	89,186
Telephone	35,030	2,637	-	37,667
Training BBBSAF fees	57	6	-	63
Travel	25,203	1,326	-	26,529
	<u>656,190</u>	<u>51,611</u>	<u>93,250</u>	<u>801,051</u>
<b>Total Expenses</b>	<u>\$ 3,084,417</u>	<u>\$ 153,317</u>	<u>\$ 105,963</u>	<u>\$ 3,343,697</u>

The accompanying notes are an integral part of these financial statements

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Big Brothers Big Sisters of the Sun Coast, Inc. (the "Organization") is a non-profit organization that provides professionally supervised matches of a volunteer with a youth from a single-parent family. The Organization provides services in Sarasota, Manatee, Highlands, Hardee, Charlotte, Desoto, Collier, Hendry and Lee Counties, Florida. The vision of the Organization is "All children achieve success in life." The mission of Big Brothers Big Sisters of the Sun Coast, Inc. is "To provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever."

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU is effective for the Organization's year ending June 30, 2020 and thereafter and is applied on a retroactive basis. The Organization has adjusted the presentation of these statements accordingly.

Basis of presentation – ASU 2016-14 requires significant changes to the financial reporting model of organizations that follow the not-for-profit reporting model. Under ASU 2016-14, classes of net assets are reduced from three (unrestricted, temporarily restricted, and permanently restricted) to two. In accordance with U.S. generally accepted accounting principles ("US GAAP") the Organization now reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.



BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Accordingly, actual results could differ from those estimates.

Contributions and Grants

Contributions from the public, including unconditional promises to give, are recorded when received. Grants receivable as of June 30, 2020 are expected to be collected within one year.

Grants can either be exchange transactions or contributions. In an exchange transaction, the grantor is purchasing goods or services from the Organization and the revenue is recognized in the period earned. However, most grants and United Way allocations given to the Organization are considered contributions and are, therefore, recorded as support in the period in which there is an unconditional promise to give (generally when the grant or allocation is awarded).

Donated Services

In connection with its program, the Organization receives a significant amount of donated services from volunteers that are matched with youth. Such services do not meet the criteria for recognition in the financial statements.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of donation. Expenditures for repairs and maintenance are charged to current operations. The Organization capitalizes purchases over \$1,000 and depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five (5) to twenty-five (25) years.

Income Tax Status

The Organization has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income, if any, from certain activities not directly related to The Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents and pledges receivable. The Organization's management attempts to prudently manage cash and cash equivalents and monitors outstanding pledges receivable. Deposit accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of June 30, 2020, there were \$18,186 of uninsured balances.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 2 - FAIR VALUE MEASUREMENTS**

Investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1      Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
  
- Level 2      Other observable inputs, either directly or indirectly, including:
  - Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and
  - Inputs that are derived principally from or corroborated by other observable market data.
  
- Level 3      Unobservable inputs that cannot be corroborated by observable market data.

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's financial assets measured at fair value on a recurring basis as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Demand account	\$ 366,018	\$ -	\$ -	\$ 366,018
Cash on hand	600	-	-	600
ICS accounts	495,356	-	-	495,356
Money market account	472,747	-	-	472,747
	<u>\$ 1,334,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,334,721</u>

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 2020:

Land	\$ 7,500
Office condominium	60,087
Vehicle	34,500
Furniture and equipment	193,921
Improvements	8,030
Total Property and Equipment	304,038
Less: Accumulated depreciation	(250,143)
Net Property and Equipment	<u>\$ 53,895</u>

Depreciation expense amounted to \$23,193 for the year ended June 30, 2020.

**NOTE 4 - INVESTMENTS IN REAL ESTATE**

Investments in real estate consists of a one-week time-share unit at a vacation resort in North Carolina. Real estate investments are recorded at fair value as of the date of the donation.

**NOTE 5 - PLEDGES AND GRANTS RECEIVABLE**

As of June 30, 2020, the Organization recorded promises of funding of \$379,924. The funds are all due to be received in the fiscal year ended June 30, 2021 and are considered fully collectible.

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 6 - BENEFICIAL INTEREST - FOUNDATION**

The Big Brothers Big Sisters Foundation of the Sun Coast, Inc. (the "Foundation") is a not-for-profit organization which was created for the purpose of raising funds to support the Organization, which provides office space and administrative support at no cost.

Assets held by the Foundation include cash in a money market account at a local bank and also funds managed under an agency endowment agreement in The Gulf Coast Community Foundation (GCCF). Under this agreement, the Foundation is entitled to an annual distribution of 4% of the asset value of the agency endowment fund, as determined on a 12-quarter rolling average. Variance power rests with GCCF to consider requests from the Foundation for a distribution in excess of 4%. During the year, the Foundation received a \$49,000 distribution and contributed the entire amount to The Organization.

The accompanying financial statements have presented the Foundation in accordance with FASB ASC 958-20-25-4, "Transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others." Accordingly, the net assets of the Foundation are recorded as an asset on the accompanying Statement of Financial Position and changes in these net assets are recorded on the accompanying Statement of Activities. Foundation fund balances and transactions for the year ended June 30, 2020 are summarized below:

Balance June 30, 2019	\$ 808,689
Contribution Revenue	219,090
Interest and Dividends	16,987
Realized gains and unrealized gains (losses)	6,435
Management fees	(4,947)
Donation - Education Fund Expenditures	(19,168)
Donation to Big Brothers Big Sisters Of the Sun Coast, Inc.	(49,000)
Balance June 30, 2020	<u>\$ 978,086</u>

**NOTE 7 - LINE OF CREDIT**

On October 17, 2013, the Organization signed a revolving note with a local institution in the amount of \$125,000 bearing an interest rate of 4.5%. The entire principal balance, together with all accrued and unpaid interest and any other charges, advances and fees was due and payable in full on October 17, 2014. During each of the following fiscal years, the revolving note has been extended. The current extension date of October 17, 2020 includes an increase to the line of credit from \$125,000 to \$250,000. Collateral provided by the Organization includes all personal and real property located at 2831 Ringling Boulevard, Unit 201A, Sarasota, Florida 34237. There was a \$1.00 balance on the line of credit at June 30, 2020 with no activity during the fiscal year.

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 8 - RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions as of June 30, 2020 consist of the following:

\$130,000 from a past contribution that was permanently restricted by the donor. Earnings on the original contribution are available without restriction. The funds are held by the Big Brothers Big Sisters Foundation of the Sun Coast, Inc. and administered by the Gulf Coast Community Foundation.

Management has decided to not classify assets held for programs such as "Bigs in Schools", "Mentoring Children of Promise", and "Decisions to Win" as temporarily restricted since they are all simply variations of the main program of "One on One Mentoring of Children".

**NOTE 9 - LEASES**

During the year ended June 30, 2020 the Organization had entered into the following agreements for office space:

- Bradenton Office – A new lease agreement was signed for the period beginning July 1, 2020 through June 30, 2023. Rent was waived for July 2020 and monthly payments of \$1,150.00 were established for August 1, 2020 through June 30, 2020, \$1,184.50 for July 1, 2021 through June 30, 2022, and \$1,220.04 for July 1, 2022 through June 30, 2023.
- Venice Office – As of August 1, 2020 and terminating July 31, 2021, terms of the corporate office's building lease will be equal monthly payments of \$3,149.25.
- Sebring Office – Month to month rental currently at \$450.00 per month.
- North Port Office - A new lease agreement was signed on October 22, 2019 for the period beginning November 13, 2019 through October 31, 2020. The terms include equal monthly lease payments of \$95.00 for the length of the lease which shall automatically renew from year-to-year for up to four (4) consecutive terms.
- Port Charlotte Office – A thirty-seven month lease agreement was signed September 26, 2019 for the period beginning October 1, 2019 through October 31, 2022. Rent was waived for October 2019 and monthly payments of \$1,000.00 were established for November 1, 2019 through October 31, 2020, \$1,030.00 for November 1, 2020 through October 31, 2021, and \$1,060.90 for November 1, 2021 through October 31, 2022.
- Fort Myers Office – A sixty-one month lease agreement was signed on November 18, 2016 for the period December 1, 2016 through December 31, 2021. Rent was waived for December 2016 and monthly payments of \$2,000.00 were established for January 1, 2017 through June 30, 2018, \$2,090.00 for July 1, 2018 through June 30, 2019, \$2,184.05 for July 1, 2019 through June 30, 2020, \$2,282.33 for July 1, 2020 through June 30, 2021 and \$2,385.03 for July 1, 2021 through December 31, 2021.

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 9 – LEASES CONTINUED**

- Naples Office – A new lease agreement was signed for April 1, 2020 through March 31, 2023. Terms of the lease will be equal monthly payments of \$1,989.17.

Future minimum lease payments are as follows for the years ended June 30:

2020	\$105,431
2021	128,845
2022	83,991
2023	<u>39,160</u>
	\$357,427

Rent expense for office space totaled \$117,482 for the year ended June 30, 2020.

**NOTE 10 - RETIREMENT PLAN**

In May 1991, The Organization established a tax deferred annuity plan. Eligible employees may make salary reduction, pre-tax contributions to this plan. The Organization made matching contributions of \$16,280 to this plan during the year ended June 30, 2020.

**NOTE 11 - TAX RETURN STATUS**

Big Brothers Big Sisters of the Sun Coast, Inc. is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has no provision for income taxes.

Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed. At June 30, 2020, The Organization's federal returns filed for fiscal years 2016, 2017 and 2018 remain open for examination by the Internal Revenue Service.

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 12 – LIQUIDITY AND AVAILABILITY**

The following table represents the Organization's financial assets at June 30, 2020 and 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual or donor restrictions or internal board designations:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,334,721	\$ 985,576
Contract billings and contributions receivable	379,924	475,603
Investments	929,086	808,689
Total financial assets	<u>2,643,731</u>	<u>2,269,868</u>
Investments with liquidity horizons greater than one year	(130,000)	(130,000)
Board-designated operating reserve fund	<u>(1,072,985)</u>	<u>(1,120,559)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,440,746</u>	<u>\$ 1,019,309</u>

The Organization receives contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

**NOTE 13 – PAYCHECK PROTECTION PROGRAM ACCOUNTING**

Big Brothers Big Sisters of the Sun Coast, Inc. received funds in the amount of \$409,200 from the Paycheck Protection Program in April 2020. The accounting for these funds are recorded in accordance with IAS 20. IAS 20 indicates a forgivable loan is treated as a government grant and recognized as income when there is reasonable assurance that the entity will meet the terms of forgiveness of the loan. Management believes this reasonable assurance is met. In fiscal year 2019-2020, \$281,455 was reported as income, which includes \$25,067 rent expense, \$1,105 utilities, \$16,378 health insurance, \$3,248 retirement company match, and \$235,657 qualified payroll expenses. It is anticipated that the balance of \$127,745 will be recognized as income in fiscal year 2020-2021.

BIG BROTHERS BIG SISTERS OF THE SUN COAST, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2020

(See Independent Auditors' Report)

**NOTE 14 - SUBSEQUENT EVENTS**

The Organization did not have any other subsequent events through October 05, 2020, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the twelve months ended June 30, 2020.