



**AUDITED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers Big Sisters of Metro Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Big Brothers Big Sisters of Metro Atlanta, Inc. (the "Agency"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and net assets, 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

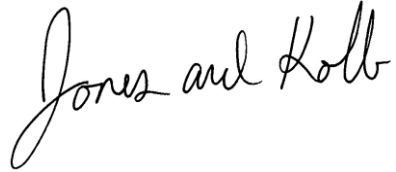
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Agency'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 Agency'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 Metro Atlanta, Inc. as of December 31, 2019 and 2018, 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.

A handwritten signature in cursive script that reads "Jones and Kolb".

March 9, 2020

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
ASSETS		
Cash	\$ 324,248	\$ 462,709
Grants and other receivables	20,509	20,460
Promises to give, net	905,487	1,675,406
Capital campaign pledges receivable, net	-	10,615
Prepaid expense	102,439	104,225
Investments	233,831	200,814
Property and equipment, net	5,564,428	5,701,643
	<hr/>	<hr/>
Total assets	\$ 7,150,942	\$ 8,175,872
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 256,155	\$ 205,008
Lines of credit	605,000	320,000
Notes payable	1,533,618	1,586,801
	<hr/>	<hr/>
Total liabilities	2,394,773	2,111,809
	<hr/>	<hr/>
NET ASSETS		
Without donor restrictions	3,308,281	3,944,042
With donor restrictions	1,447,888	2,120,021
	<hr/>	<hr/>
Total net assets	4,756,169	6,064,063
	<hr/>	<hr/>
Total liabilities and net assets	\$ 7,150,942	\$ 8,175,872
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The accompanying notes to financial statements
are an integral part of these statements.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support			
United Way	\$ 248,501	\$ 184,480	\$ 432,981
Grants	124,239	-	124,239
Other public support	496,332	23,204	519,536
Corporate contributions	720,283	29,333	749,616
Special events	1,114,801	-	1,114,801
Less: Costs of direct benefits to donors	(300,080)	-	(300,080)
Total public support	2,404,076	237,017	2,641,093
Revenue			
Other income	62,395	-	62,395
Rental income, net	6,890	-	6,890
Investment income	28,889	4,128	33,017
Total revenue	98,174	4,128	102,302
Total public support and revenue	2,502,250	241,145	2,743,395
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	913,278	(913,278)	-
EXPENSES			
Program services	2,934,050	-	2,934,050
Support services			
Management and general	408,323	-	408,323
Fundraising	708,916	-	708,916
Total support services	1,117,239	-	1,117,239
Total expenses	4,051,289	-	4,051,289
CHANGE IN NET ASSETS	(635,761)	(672,133)	(1,307,894)
NET ASSETS			
Beginning of year	3,944,042	2,120,021	6,064,063
NET ASSETS			
End of year	\$ 3,308,281	\$ 1,447,888	\$ 4,756,169

The accompanying notes to financial statements
are an integral part of this statement.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support			
United Way	\$ 271,488	\$ 184,500	\$ 455,988
Grants	627,236	-	627,236
Other public support	798,802	1,847,871	2,646,673
Corporate contributions	486,567	54,667	541,234
Special events	975,567	-	975,567
Less: Costs of direct benefits to donors	(233,588)	-	(233,588)
Total public support	2,926,072	2,087,038	5,013,110
Revenue			
Other income	8,984	-	8,984
Rental loss, net	(109)	-	(109)
Investment loss	(8,710)	(1,323)	(10,033)
Total revenue	165	(1,323)	(1,158)
Total public support and revenue	2,926,237	2,085,715	5,011,952
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	548,075	(548,075)	-
EXPENSES			
Program services	2,677,095	-	2,677,095
Support services			
Management and general	343,360	-	343,360
Fundraising	620,251	-	620,251
Total support services	963,611	-	963,611
Total expenses	3,640,706	-	3,640,706
CHANGE IN NET ASSETS	(166,394)	1,537,640	1,371,246
NET ASSETS			
Beginning of year	4,110,436	582,381	4,692,817
NET ASSETS			
End of year	\$ 3,944,042	\$ 2,120,021	\$ 6,064,063

The accompanying notes to financial statements
are an integral part of this statement.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Support Services		Total Support Services	Total
		Management and General	Fundraising		
Salaries	\$ 1,732,559	\$ 266,033	\$ 467,699	\$ 733,732	\$ 2,466,291
Fringe benefits	188,564	28,955	50,902	79,857	268,421
Payroll taxes	124,900	19,179	33,716	52,895	177,795
Total compensation and benefits	2,046,023	314,167	552,317	866,484	2,912,507
Occupancy	136,344	17,901	14,461	32,362	168,706
IT expenses	120,989	5,048	32,710	37,758	158,747
Depreciation	114,893	15,084	12,186	27,270	142,163
Professional fees	86,173	28,595	23,297	51,892	138,065
Interest	80,035	10,507	8,488	18,995	99,030
Match support activities	70,890	-	-	-	70,890
Telephone	47,570	1,985	12,861	14,846	62,416
Insurance	48,428	6,358	5,137	11,495	59,923
Conferences and meetings	38,301	1,598	10,355	11,953	50,254
Miscellaneous	34,561	1,442	9,344	10,786	45,347
Big Brothers Big Sisters of America	20,737	865	5,606	6,471	27,208
Printing	18,719	781	5,061	5,842	24,561
Supplies	14,460	603	3,909	4,512	18,972
Staff development	11,877	496	3,212	3,708	15,585
Travel	11,161	464	3,018	3,482	14,643
Equipment rental and maintenance	11,793	1,548	1,251	2,799	14,592
Marketing	9,836	410	2,659	3,069	12,905
Postage	4,735	198	1,280	1,478	6,213
Membership dues	3,397	142	918	1,060	4,457
Dues and subscriptions	2,175	91	588	679	2,854
Bad debt	953	40	258	298	1,251
Total expenses	\$ 2,934,050	\$ 408,323	\$ 708,916	\$ 1,117,239	\$ 4,051,289

The accompanying notes to financial statements
are an integral part of this statement.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Support Services		Total Support Services	Total
		Management and General	Fundraising		
Salaries	\$ 1,416,929	\$ 206,459	\$ 390,882	\$ 597,341	\$ 2,014,270
Fringe benefits	161,139	23,479	44,453	67,932	229,071
Payroll taxes	107,499	15,663	29,655	45,318	152,817
Total compensation and benefits	1,685,567	245,601	464,990	710,591	2,396,158
Occupancy	177,708	23,331	18,848	42,179	219,887
IT expenses	73,103	3,949	23,203	27,152	100,255
Depreciation	103,285	13,560	10,955	24,515	127,800
Professional fees	103,466	30,715	32,840	63,555	167,021
Interest	66,456	8,726	7,048	15,774	82,230
Match support activities	75,155	-	-	-	75,155
Telephone	45,693	2,469	14,503	16,972	62,665
Insurance	44,780	5,879	4,749	10,628	55,408
Conferences and meetings	25,118	1,357	7,972	9,329	34,447
Miscellaneous	23,897	1,290	7,587	8,877	32,774
Big Brothers Big Sisters of America	14,989	810	4,757	5,567	20,556
Printing	11,806	638	3,747	4,385	16,191
Supplies	15,143	818	4,807	5,625	20,768
Staff development	3,618	195	1,148	1,343	4,961
Travel	6,943	375	2,204	2,579	9,522
Equipment rental and maintenance	15,824	2,078	1,678	3,756	19,580
Marketing	8,903	481	2,826	3,307	12,210
Postage	3,159	171	1,003	1,174	4,333
Membership dues	4,837	261	1,535	1,796	6,633
Dues and subscriptions	5,570	301	1,768	2,069	7,639
Bad debt	6,562	355	2,083	2,438	9,000
Fiscal agent expense	155,513	-	-	-	155,513
Total expenses	\$ 2,677,095	\$ 343,360	\$ 620,251	\$ 963,611	\$ 3,640,706

The accompanying notes to financial statements
are an integral part of this statement.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Public support received	\$ 3,447,712	\$ 3,656,592
Other income received	62,395	8,984
Rental income received	38,223	31,000
Interest and dividends received	5,058	7,211
Payments for compensation and benefits	(2,906,215)	(2,743,322)
Payments for professional fees	(138,065)	(207,271)
Payments for fiscal agent expenses	-	(155,513)
Payments for occupancy	(176,326)	(227,507)
Payments for interest	(105,554)	(89,542)
Payments for IT expenses	(158,747)	(100,255)
Payments for other expenses	(430,712)	(417,483)
	<u>(362,231)</u>	<u>(237,106)</u>
Total adjustments	<u>(362,231)</u>	<u>(237,106)</u>
Net cash used in operating activities	<u>(362,231)</u>	<u>(237,106)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchases of investments	(5,058)	(49,281)
Proceeds from sales of investments	2,737	76,894
Payments for purchases of property and equipment	(16,341)	(121,249)
	<u>(18,662)</u>	<u>(93,636)</u>
Net cash used in investing activities	<u>(18,662)</u>	<u>(93,636)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions received	10,615	6,000
Net proceeds from lines of credit	285,000	245,000
Payments on notes payable	(53,183)	(52,931)
	<u>242,432</u>	<u>198,069</u>
Net cash provided by financing activities	<u>242,432</u>	<u>198,069</u>
NET DECREASE IN CASH	<u>(138,461)</u>	<u>(132,673)</u>
CASH, Beginning of year	<u>462,709</u>	<u>595,382</u>
CASH, End of year	<u>\$ 324,248</u>	<u>\$ 462,709</u>

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

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Big Brothers Big Sisters of Metro Atlanta, Inc. (the "Agency") is a Georgia nonprofit organization that creates and supports one-to-one mentoring relationships that ignite the power and promise of youth. The Agency actively seeks to assist children of every ethnic, racial, national, cultural and religious group in the metropolitan Atlanta area who may need additional positive role models to enrich their lives.

B. The accompanying financial statements have been prepared using the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when incurred.

C. The Agency classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The Agency records contributions of cash and other assets as net assets without donor restrictions unless specifically restricted by the donor. Restricted contributions are recorded as net assets without donor restrictions if the restriction expires in the same reporting period that the contribution is recorded. All other restricted contributions are recorded as an increase in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from restrictions." Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operation of the Agency.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets permit the Agency to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

D. At times the Agency's cash balances may be in excess of the federally insured limits. However, given the strength of the financial institution, management believes such excess deposits do not create significant loss exposure.

E. The Agency records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

incurred. Amounts that have been received but not earned are included in accounts payable and accrued expenses on the Statements of Financial Position.

F. Contributions to be received in less than one year are reported at net realizable value. Contributions to be received in one year or more are initially reported at fair value, estimated by discounting them to their present value at a risk-adjusted rate. Thereafter, amortization of the discount is recorded as additional contribution revenue. An allowance is made for uncollectible promises to give and capital campaign pledges receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

G. Conditional promises to give are recognized when the conditions are substantially met. During the year ended December 31, 2018, the Agency received conditional grants of \$90,750, which are conditional upon the Agency receiving \$50,000 of pledges and meeting specific mentor match requirements. As of December 31, 2019, the Agency met some of these stipulated conditions, and recognized \$72,000 as public support in the accompanying Statement of Activities and Net Assets. The stipulations for the remaining \$18,750 were not met, and the grant has expired.

H. Investments include equities, fixed income instruments and money market accounts that are carried at fair value. Increases and decreases in market value are reported as investment income (loss) on the Statements of Activities and Net Assets.

I. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Purchased property and equipment with values greater than or equal to \$500 are stated at historical cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets range from three to thirty-nine years. Depreciation expense, including amount allocated to rental expenses, was \$153,556 and \$139,193 for the years ended December 31, 2019 and 2018, respectively.

K. The Agency records donated services if the fair market value of the donated services is readily available and meets the criteria for recognition.

L. The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended. The Internal Revenue Service has classified the Agency as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code, which allows donors to take the maximum charitable deduction.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

M. The accompanying financial statements report certain categories of expenses that are attributable to one or more functions of the Agency, which are defined as program services, management and general and fundraising. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expense categories that are allocated include: compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy, depreciation, interest and equipment rental and maintenance, which are allocated on a square-footage basis; and professional fees, which are allocated through a specific identification to the functional expense category due to the nature of the expense. The remainder of the expenses are primarily allocated on an average headcount basis.

N. Subsequent events have been evaluated by management through March 9, 2020, the date these financial statements were available to be issued.

2. PROMISES TO GIVE

Unconditional promises to give at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 905,487	\$ 1,048,610
Receivable in one to four years	-	650,000
Total promises to give	905,487	1,698,610
Unamortized discount at 2.48%	-	(23,204)
Promises to give, net	<u>\$ 905,487</u>	<u>\$ 1,675,406</u>

3. INVESTMENTS

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are based on significant unobservable inputs. At December 31, 2019 and 2018, the only assets that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments. Such investments are classified within Level 1 of the valuation hierarchy.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

The following is a summary of investments, stated at fair value based on quoted market prices, held at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equities	\$ 147,672	\$ 115,787
Fixed income instruments	74,149	72,726
Money market	12,010	12,301
Total investments	<u>\$ 233,831</u>	<u>\$ 200,814</u>

The following schedule summarizes investment income (loss) for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Net realized and unrealized gain (loss)	\$ 27,959	\$ (14,425)
Interest and dividend income, net	5,058	4,392
Total investment income (loss)	<u>\$ 33,017</u>	<u>\$ (10,033)</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 2,108,884	\$ 2,108,884
Building	4,170,271	4,170,271
Equipment and computer software	243,539	237,786
Furniture and fixtures	307,795	307,795
Total	6,830,489	6,824,736
Less accumulated depreciation	<u>(1,266,061)</u>	<u>(1,123,093)</u>
Total property and equipment, net	<u>\$ 5,564,428</u>	<u>\$ 5,701,643</u>

5. LINES OF CREDIT

The Agency had a line of credit with a maximum borrowing limit of \$250,000 and an extended maturity date of January 20, 2019, first secured by the land and building. The line bears interest at the prime rate plus one percentage point, subject to a floor of 3.00%. This line of credit agreement was modified to increase the maximum borrowing limit to \$500,000 and extend the maturity date to February 20, 2021. At December 31, 2019 and 2018, the outstanding balance on this line of credit was \$500,000 and \$250,000, respectively. The effective interest rate was 5.75% and 5.25%, respectively.

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

During the year ended December 31, 2018, the Agency obtained an additional unsecured line of credit with a maximum borrowing limit of \$250,000 and an extended maturity date of January 18, 2019. The line bore interest at the prime rate plus one percentage point, subject to a floor of 3.00%. At December 31, 2018, the outstanding balance on this line of credit was \$70,000, and the effective interest rate was 6.25%. During the year ended December 31, 2019, this outstanding line of credit balance was paid and the agreement was terminated.

During the year ended December 31, 2019, the Agency obtained an additional unsecured line of credit of \$200,000 and an extended maturity date of March 20, 2020. The line bears interest at the prime rate plus one percentage point. At December 31, 2019, the outstanding balance on this line of credit was \$105,000 and the effective interest rate was 5.75%. Subsequent to December 31, 2019, this line of credit was modified to increase the maximum borrowing amount from \$200,000 to \$500,000.

6. NOTES PAYABLE

The Agency has a \$1,634,000 note first secured by the land and building. The note bears interest at a rate of 4.85% and matures on December 20, 2021. Interest and principal payments of \$10,709 are due monthly. The outstanding principal and accrued interest are due in full upon maturity. At December 31, 2019 and 2018, the outstanding principal balance was \$1,478,636 and \$1,531,801, respectively.

The Agency also has a \$400,000 note second secured by the land and building. The note bears interest at the prime rate plus one percentage point, subject to a floor of 4.25%. Interest is payable monthly and principal payments are due on the anniversary date of the agreement, \$250,000 for the first year, \$75,000 for the second year, and \$75,000 upon maturity on February 20, 2020. The Agency has accelerated the principal payments over the life of the note. The outstanding principal balance was \$54,982 and 55,000 at December 31, 2019 and 2018, respectively. The effective interest rate was 5.75% and 5.25%, respectively.

Future maturities of the notes payable are shown below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 113,225
2021	1,420,393
Total	<u>\$ 1,533,618</u>

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

7. NET ASSETS

At December 31, 2019, net assets with donor restrictions consisted of the following:

Restriction	December 31, 2018	Contributions/ Investment Return	Releases	December 31, 2019
Passage of time	\$ 1,840,963	\$ 237,017	\$ (694,167)	\$ 1,383,813
Purpose	246,075	-	(219,111)	26,964
Spending policy and appropriation of expenditure	7,983	4,128	-	12,111
Donor restrictions stipulating resources be maintained in perpetuity	25,000	-	-	25,000
Total	\$ 2,120,021	\$ 241,145	\$ (913,278)	\$ 1,447,888

At December 31, 2018, net assets with donor restrictions consisted of the following:

Restriction	December 31, 2017	Contributions/ Investment Return	Releases	December 31, 2018
Passage of time	\$ 431,675	\$ 1,840,963	\$ (431,675)	\$ 1,840,963
Purpose	116,400	246,075	(116,400)	246,075
Spending policy and appropriation of expenditure	9,306	(1,323)	-	7,983
Donor restrictions stipulating resources be maintained in perpetuity	25,000	-	-	25,000
Total	\$ 582,381	\$ 2,085,715	\$ (548,075)	\$ 2,120,021

8. ENDOWMENT

The Agency's endowment consists of a quasi-endowment, board-designated fund established for a variety of purposes and one donor-restricted endowment fund. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity for a donor-specified period as well as board-designated funds. As required by U.S. generally

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Agency has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies the original value of gifts donated to the permanent endowment and original value of subsequent gifts to the permanent endowment as perpetual in nature. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as restricted until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors appropriates funds from the endowment funds based on specific needs and budgeting requirements from year to year. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Agency has adopted investment and spending policies that attempt to preserve endowment assets by using funding, via the annual operating budget, of up to 40% of the earnings on the endowment from the prior year. The Board of Directors has additional authority to approve additional funding when operating cash is insufficient. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed common benchmarks for a balanced portfolio, while assuming a moderate level of risk.

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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The composition of and changes in endowment funds at December 31, 2019 consisted of the following:

	<u>Board Designated</u>	<u>Investment Earnings</u>	<u>Perpetual In Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 167,831	\$ 7,983	\$ 25,000	\$ 200,814
Investment return:				
Investment income, net	2,067	254	-	2,321
Net realized and unrealized loss	26,822	3,874	-	30,696
Total investment return	28,889	4,128	-	33,017
Endowment net assets, end of year	<u>\$ 196,720</u>	<u>\$ 12,111</u>	<u>\$ 25,000</u>	<u>\$ 233,831</u>

The composition of and changes in endowment funds at December 31, 2018 consisted of the following:

	<u>Board Designated</u>	<u>Investment Earnings</u>	<u>Perpetual In Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 208,546	\$ 9,306	\$ 25,000	\$ 242,852
Investment return:				
Investment income, net	3,855	537	-	4,392
Distributions	(32,005)	-	-	(32,005)
Net realized and unrealized gain	(12,565)	(1,860)	-	(14,425)
Total investment return	(40,715)	(1,323)	-	(42,038)
Endowment net assets, end of year	<u>\$ 167,831</u>	<u>\$ 7,983</u>	<u>\$ 25,000</u>	<u>\$ 200,814</u>

9. LEASE

During the year ended December 31, 2018, the Agency leased a portion of its building space to a tenant under a noncancelable operating lease with a 37-month term expiring in 2021. During the years ended December 31, 2019 and 2018, rental income from the lease totaled \$38,223 and \$31,000, respectively.

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On August 23, 2019, the Agency entered into a termination agreement with the tenant for the leased space. Per the agreement, the termination date for the lease is March 28, 2020. The termination agreement stipulates the Agency is to pay the tenant \$75,000 for canceling the lease prior to the lease's expiration date pursuant the tenant vacates the space on or before the termination date.

10. RETIREMENT PLAN

The Agency has established a defined contribution plan for the benefit of its employees for which the Agency matches 100% of the first 3% and 50% of the next 3% of each employee's contributions to the Plan. For the years ended December 31, 2019 and 2018, the Agency made contributions to the Plan totaling \$57,959 and \$53,417, respectively.

11. CONCENTRATIONS

For the years ended December 31, 2019 and 2018, approximately 16% and 38% of the Agency's public support and revenue was derived from one donor. Approximately 92% and 87% of the Agency's promises to give, net, at December 31, 2019 and 2018 were from two donors.

12. LIQUIDITY

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 324,248	\$ 462,709
Grants and other receivables	20,509	20,460
Promises to give, net	905,487	1,048,610
Capital campaign pledges receivable, net	<u>-</u>	<u>5,000</u>
Total financial assets available for general expenditure	<u>\$ 1,250,244</u>	<u>\$ 1,536,779</u>

As discussed in Note 8, the Agency has a board-designated endowment which may be drawn upon in the event of immediate liquidity need resulting from events outside the typical life cycle of converting financial assets or settling financial liabilities. Additionally, as more fully described in Note 5, the Organization has committed lines of credit in the amount of \$1,000,000, which it could draw upon the available balance in the event of an unanticipated liquidity need.