BIG BROTHERS BIG SISTERS
OF SAN DIEGO COUNTY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers Big Sisters of San Diego County, Inc.

We have audited the accompanying financial statements of Big Brothers Big Sisters of San Diego County, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in 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 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 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 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 San Diego County, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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An accountancy corporation

September 15, 2021

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 715,581	$ 271,015
Pledges receivable (note 3)	227,034	219,887
Prepaid expenses	75,690	49,116
Other current assets	10,255	10,543
	1,028,560	550,561
OTHER ASSETS		
Pledges receivable - long term (note 3)	30,000	-
Property and equipment (note 7)	28,061	27,531
Beneficial interests in foundations (note 4 and 5)	77,401	71,368
Beneficial interest in endowment funds (note 6)	2,801	2,791
	138,263	101,690
TOTAL ASSETS	1,166,823	652,251
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses (note 8)	113,135	139,032
Deferred revenue	25,000	-
Line of credit (note 9)	43,978	54,303
PPP loan (note 10)	305,565	-
TOTAL LIABILITIES	487,678	193,335
NET ASSETS (note 15)		
Without donor restrictions	632,483	181,471
With donor restrictions	46,662	277,445
TOTAL NET ASSETS	679,145	458,916
TOTAL LIABILITIES AND NET ASSETS	$ 1,166,823	$ 652,251

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Contributions	$ 1,453,060	$ 185,816	$ 1,638,876
Special events, net of direct benefits to donors of $35,042 (note 13)	623,536	-	623,536
Grants (note 12)	59,500	30,663	90,163
Unrealized gain on beneficial interests in foundations	6,033	-	6,033
Net investment loss	(501)	-	(501)
TOTAL SUPPORT AND REVENUE	2,141,628	216,479	2,358,107
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	447,262	(447,262)	-
OPERATING EXPENSES			
Program services	1,561,773	-	1,561,773
Management and general	227,344	-	227,344
Fundraising expenses	348,761	-	348,761
	2,137,878	-	2,137,878
CHANGE IN NET ASSETS	451,012	(230,783)	220,229
NET ASSETS, BEGINNING	181,471	277,445	458,916
NET ASSETS, ENDING	$ 632,483	$ 46,662	$ 679,145

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Contributions	$ 825,016	$ 600,431	$ 1,425,447
Special events, net of direct benefits to donors of $231,003 (note 13)	1,127,868	79,404	1,207,272
Grants (note 12)	18,650	5,000	23,650
Unrealized gain on beneficial interests in foundations	6,800	-	6,800
Net investment income	781	-	781
TOTAL SUPPORT AND REVENUE	1,979,115	684,835	2,663,950
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	525,632	(525,632)	-
OPERATING EXPENSES			
Program services	1,758,395	-	1,758,395
Management and general	322,224	-	322,224
Fundraising expenses	489,133	-	489,133
	2,569,752	-	2,569,752
CHANGE IN NET ASSETS	(65,005)	159,203	94,198
NET ASSETS, BEGINNING	246,476	118,242	364,718
NET ASSETS, ENDING	$ 181,471	$ 277,445	$ 458,916

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES:				
Bad debt expense	$ 11,500	$ 3,180	$ 1,550	$ 16,230
Bank and credit card fees	2,206	6,659	13,196	22,061
Conferences and meetings	-	1,577	79	1,656
Depreciation and amortization	-	15,107	-	15,107
Dues - National	31,136	2,742	5,287	39,165
Employee benefits	71,078	12,316	23,512	106,906
Equipment rental and maintenance	11,123	979	1,889	13,991
Fundraising costs	-	-	1,125	1,125
Information and technology	23,109	21,354	16,190	60,653
Insurance	19,403	7,557	3,644	30,604
Interest expense	2,671	204	-	2,875
Office expense	5,195	29,458	3,991	38,644
Payroll taxes	74,689	5,383	32,420	112,492
Program expense	22,557	-	-	22,557
Professional services	48,696	14,423	40,651	103,770
Rent	72,370	7,354	12,289	92,013
Salaries	1,157,469	97,344	174,609	1,429,422
Travel	4,307	585	752	5,644
Utilities	4,264	1,122	908	6,294
Expenses before special events	1,561,773	227,344	332,092	2,121,209
Special events				
Facilities and venue	-	-	24,871	24,871
Food and beverage	-	-	15,441	15,441
Other event costs	-	-	11,399	11,399
	-	-	51,711	51,711
Costs of direct benefits to donors at special events	-	-	(35,042)	-
	-	-	16,669	16,669
TOTAL FUNCTIONAL EXPENSES	$ 1,561,773	$ 227,344	$ 348,761	$ 2,137,878
Percentage of total	74%	11%	15%	100%

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES:				
Advertising and recruiting	$ 1,798	$ 153	$ 331	$ 2,282
Bad debt expense	-	104,847	-	104,847
Bank and credit card fees	11,227	188	22,547	33,962
Conferences and meetings	811	7,307	694	8,812
Depreciation	-	14,873	-	14,873
Dues - National	24,927	2,220	4,567	31,714
Employee benefits	87,327	12,808	26,543	126,678
Equipment rental and maintenance	-	1,224	-	1,224
Fundraising costs	-	-	435	435
Information and technology	25,406	3,549	4,904	33,859
Insurance	21,385	7,416	4,379	33,180
Interest expense	-	4,461	-	4,461
Office expense	9,977	8,208	3,348	21,533
Payroll taxes	98,276	6,967	23,407	128,650
Program expense	61,723	-	-	61,723
Professional services	10,076	45,220	25,624	80,920
Rent	100,323	9,223	18,465	128,011
Salaries	1,281,429	90,845	305,207	1,677,481
Travel	17,940	915	2,232	21,087
Utilities	5,770	1,800	1,035	8,605
Expenses before special events	1,758,395	322,224	443,718	2,524,337
Special events				
Facilities and venue	-	-	91,415	91,415
Food and beverage	-	-	45,415	45,415
Other event costs	-	-	139,588	139,588
	-	-	276,418	276,418
Costs of direct benefits to donors at special events	-	-	(231,003)	(231,003)
	-	-	45,415	45,415
TOTAL FUNCTIONAL EXPENSES	$ 1,758,395	$ 322,224	$ 489,133	$ 2,569,752
Percentage of total	68%	13%	19%	100%

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

	2020	2019
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 220,229	$ 94,198
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	15,107	14,873
Unrealized gain from beneficial interests in foundations	(6,033)	(6,800)
Loss on write down of pledge receivable	16,230	95,562
Changes in operating assets and liabilities:		
Pledges receivable	(53,377)	(125,726)
Prepaid expenses	(26,574)	(11,941)
Other current assets	288	7,931
Beneficial interest in endowment funds	(10)	(54)
Deferred revenue	25,000	-
Accounts payable and accrued expenses	(25,897)	8,039
	(55,266)	(18,116)
NET CASH PROVIDED BY OPERATING ACTIVITIES	164,963	76,082
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(15,637)	-
CASH FLOWS PROVIDED/USED BY FINANCING ACTIVITIES		
Net decrease on line of credit	(10,325)	(8,779)
Proceeds on PPP loan	305,565	-
	295,240	(8,779)
NET INCREASE IN CASH	444,566	67,303
CASH, BEGINNING OF YEAR	271,015	203,712
CASH, END OF YEAR	$ 715,581	$ 271,015
Supplemental disclosures:		
Interest paid	$ 2,875	$ 4,461
Taxes paid	$ -	$ -

NOTE 1 THE ORGANIZATION

Big Brothers Big Sisters of San Diego County, Inc. (the Organization) is a non-profit organization dedicated to helping children by creating and supporting one-to-one mentoring relationships with proven results. Funds for the Organization's operations are raised primarily through contributions from private donors, sponsors and special events.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The accompanying financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles in the United States of America (GAAP).

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Basis of presentation – Under accounting standards on Financial Statements of non-profit Organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions - Consists of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

Net assets with donor restrictions – Net assets with donor restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. At December 31, 2020 and 2019, the Organization had net assets with donor restrictions of $46,662 and $277,445, respectively.

Cash and cash equivalents – The Organization considers all highly liquid investments available with a maturity date of three months or less to be cash equivalents. The Organization restricts investments of cash to financial institutions of high credit standing. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Organization has not experienced any loss in such accounts. As of December 31, 2020 and 2019, the uninsured balance is $388,708 and $0, respectively. The Organization believes it is not exposed to any significant credit risks on its cash balances.

Pledges receivable - The pledges receivable consist of donor promises to give and reimbursement grants. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. As of December 31, 2020 and 2019, management considers all pledges collectible.

A discount on pledges receivable expected to be received over several years are computed using risk free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in donations revenue on the statements of activities and changes in net assets.

Property and equipment – Property and equipment are carried at cost when purchased or, if contributed, at the estimated fair market value at the date of donation. Donated property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets at placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of three to fifteen years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Beneficial interests in foundations – Beneficial interests in foundations are valued at their fair values on the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Fair value measurements – The Organization follows accounting standards consistent with the Financial Accounting Standards Board (FASB) codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Compensated absences – Employees of the Organization are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences were $68,987 and $63,461, as of December 31, 2020 and 2019, respectively.

Deferred Revenue - Revenues received in advance of a special event are deferred. The revenues are recognized when the event occurs.

Revenue recognition – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met.

Donor-imposed restrictions – All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as with donor restrictions, increasing that net asset class. When a restriction expires (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 as net assets released from restrictions. If a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as with donor restrictions and a release from restriction. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets with donor restrictions until the restriction is fulfilled.

Donated goods and services – The Organization has received substantial donations of goods, entertainment, food, beverage, and professional services. The Organization records donated goods with a fair value of $2,000 or more as contributions. In addition, the Organization recognizes the value of donated services by recording the donations at fair value. All donated services recognized create a non-financial asset or required specialized skills that would have been purchased if not donated. As of December 31, 2020 and 2019, the value of donated goods and services are $128,605 and $18,078, respectively.

Dues to Big Brothers Big Sisters of America – Dues are payable to the Organization's National Affiliate (National). The calculation is based on a variable percentage of the prior year's adjusted expenditures.

Functional allocation of expenses - The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising costs – The Organization expenses advertising costs when incurred.

Income taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, no provision has been made for federal income taxes in the accompanying financial statements.

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. As of December 31, 2020 and 2019, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns with the Internal Revenue Service and the California Franchise Tax Board.

Recent Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958*), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU includes clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions. The Organization adopted ASU 2018-08, under the modified prospective approach to agreements that were either not completed as of January 1, 2020 or entered into after January 1, 2020. The adoption of this ASU did not have a material effect on the financial statements for contributions received.

In February 2016, FASB issued ASU 2016-02 *Leases* (Topic 842). In July 2018, FASB issued two updates to ASU 2016-02, ASU 2018-10, Codification Improvements to Topic 842 *Leases*, and ASU 2018-11, *Leases* (Topic 812): Targeted Improvements. The new standard is effective for fiscal years beginning after December 15, 2021. ASU 2016-02 requires recognition of operating leases with lease terms of more than twelve months on the balance sheet as both assets and liabilities for the obligations created by the leases. Topic 842 also requires disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. The Organization is still assessing the impact this standard will have on its financial statements.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2020	2019
Gross pledges receivable	$ 257,034	$ 219,887
Less: unamortized discount	-	-
Less: reserve for uncollected	-	-
Pledges receivable, net	$ 257,034	$ 219,887
Amounts due:		
Within one year	$ 227,034	$ 219,887
Within two years	10,000	-
Within three years	10,000	-
Within four years	10,000	-
Within five years	-	-
Thereafter	-	-
Pledges receivable, net	$ 257,034	$ 219,887

On an ongoing basis the Organization evaluates pledges based on facts and circumstances surrounding the gift and communication with its donors. During 2019, the Organization reviewed a pledge dated November 2015 for a gift of $150,000 and has determined that the remainder of the pledge will not be collected. The present value of the pledge as of December 31, 2019 of $95,562 has been written off and included in bad debt expense. During 2020, management has determined certain pledges to be uncollectible. Bad debt expense for the years ended December 31, 2020 and 2019 was $16,230 and $104,847, respectively.

An allowance for uncollectible pledges receivable has not been set up because the Organization's management considers all remaining pledge receivables to be collectible.

NOTE 4 BENEFICIAL INTERESTS IN FOUNDATIONS

In 2008, the Organization invested $25,000 in an endowment fund with the Jewish Community Foundation of San Diego. The investment will be held in perpetuity with the Jewish Community Foundation of San Diego and all distributions from the investment may be used at the discretion of the Organization.

In 2008, the Organization invested $25,000 in an endowment fund with the Rancho Santa Fe Foundation. The investment will be held in perpetuity with the Rancho Santa Fe Foundation and all distributions from the investment may be used at the discretion of the Organization.

NOTE 5 FAIR VALUE MEASUREMENT

The Organization follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

> Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
>
> Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
>
> Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial assets carried at fair value at December 31, 2020 and 2019 are classified in the following schedules in one of three categories described above.

The table below presents the balances of assets measured at fair value as of December 31, 2020 on a recurring basis:

Assets	Level 1	Level 2	Level 3	Total
Beneficial interest in Jewish Community Foundation of San Diego endowment fund	$ -	$ -	$ 25,452	$ 25,452
Beneficial interest in Rancho Santa Fe endowment fund	-	-	51,949	51,949
	$ -	$ -	$ 77,401	$ 77,401

The table below presents the balances of assets measured at fair value as of December 31, 2019 on a recurring basis:

Assets	Level 1	Level 2	Level 3	Total
Beneficial interest in Jewish Community Foundation of San Diego endowment fund	$ -	$ -	$ 25,416	$ 25,416
Beneficial interest in Rancho Santa Fe endowment fund	-	-	45,952	45,952
	$ -	$ -	$ 71,368	$ 71,368

The investments in the Jewish Community Foundation of San Diego endowment fund and the Rancho Santa Fe endowment fund are measured using values provided by these foundations. The values are based on the fair market value of the underlying cash, securities and other investments. Although the Organization classifies its investments in each foundation as Level 3, the investments held in each foundation are comprised of Level 1, 2 and 3 investments as reported by each foundation.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2020:

Balance at December 31, 2019	$ 71,368
Change in value	6,033
Distribution	-
Balance at December 31, 2020	$ 77,401

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2019:

Balance at December 31, 2018	$	64,568
Change in value		6,800
Distribution		-
Balance at December 31, 2019	$	71,368

NOTE 6 BENEFICIAL INTEREST IN ENDOWMENT

The San Diego Community Foundation (SDCF) maintains two endowment funds for the benefit of the Organization. Under the terms of the agreement, distributions of principal and interest from the fund are at the discretion of SDCF and administrative fees are charged annually in an amount which is the greater of $100 per fund or 0.5% - 2% of the fair value of the respective fund as of June 30th each year.

When the endowment funds were established, the Organization granted variance power to SDCF and gives SDCF the right to distribute the investment income to another non-profit organization of its choice if the Organization ceases to exist or if the governing board of SDCF votes that support of the Organization (a) is no longer necessary or (b) is inconsistent with the needs of the San Diego community.

At December 31, 2020 and 2019, the distributable balance in SDCF totaled $2,801 and $2,791, respectively, which is reported in the statement of financial position as beneficial interest in endowment funds.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2020		2019	
Office equipment	$	83,036	$	67,431
Furniture and fixtures		39,306		39,306
		122,342		106,737
Accumulated depreciation		(94,281)		(79,206)
	$	28,061	$	27,531

Depreciation expense was $15,107 and $14,873 for the years ended December 31, 2020 and 2019, respectively.

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at December 31:

	2020	2019
Accrued vacation	$ 68,987	$ 63,461
Accrued payroll expenses	29,472	35,450
Other accrued expenses	14,676	40,121
	$ 113,135	$ 139,032

NOTE 9 LINE OF CREDIT

The Organization has a line of credit of $100,000 with Wells Fargo Bank that is collateralized by substantially all of the assets of the Organization. The interest rate is variable and at December 31, 2020 and 2019, was 5.25% and 6.75% respectively. At December 31, 2020 and 2019, the Organization had a balance of $43,978 and $54,303, respectively. The line of credit remains active as long as the account is in good-standing.

Interest expense related to the line is $2,875 and $4,461 for the years ended December 31, 2020 and 2019, respectively.

NOTE 10 PPP LOAN

On April 27, 2020, the Organization entered into note payable agreement with Self-Help Federal Credit Union Bank for $305,565, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note matures two years from the disbursement date and bears interest at a rate of 1.000% per annum, with the first six months of interest deferred. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (qualifying expenses), pursuant to the terms and limitations of the PPP. On April, 27, 2021, the Organization received an approval letter from the Small Business Administration, stated that their PPP loan had been fully forgiven.

NOTE 11 RETIREMENT PLAN

The Organization maintains a 403(b) plan, which provides employees an opportunity to defer a portion of their compensation through salary reduction. There is no matching provision on the part of the Organization. Plan costs consists of nominal administrative fees.

NOTE 12 GRANTS

The Organization receives grants for financial assistance from various government agencies and foundations. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Organization. In the opinion of the Organization's management, no material reimbursement of funds will be required as a result of expenditures allowed.

NOTE 13 SPECIAL EVENTS

Special events revenues and expenses are directly related to fundraising and consist of the following:

	2020	2019
Revenue:		
Gourmet Dinner	$ 334,384	$ 861,476
Golf Marathon	193,544	223,199
Golf Jet Away	47,500	162,558
Poker Tournament	59,714	37,161
General Fundraising	15,454	-
Young Professionals Committee	6,432	27,111
Ayana Gala	-	3,012
Phil's BBQ	-	113,341
September Sizzle	-	10,417
	657,028	1,438,275
Expenses:		
Facilities and venue	15,441	45,415
Food and beverages	11,399	139,588
Other event costs	24,871	91,415
	51,711	276,418
	$ 605,317	$ 1,161,857

In 2020, the Golf Jetaway special event was cancelled due to stay-at-home orders. Revenues received for the event was recorded as deferred revenue for the following year or as general contributions.

NOTE 14 COMMITMENTS

The Organization leases office space under a five year operating lease agreement that expires in December 2024. The Organization also leases office equipment under various lease agreements expiring by 2026. Minimum future payments under non-cancelable operating leases having remaining terms in excess of one year for the years ended December 31 are as follows:

2021	$ 141,985
2022	144,454
2023	148,052
2024	152,310
2025	6,117
Thereafter	2,549
	$ 595,467

Office space lease expense for the years ended December 31, 2020 and 2019 was $91,031 and $114,282, respectively. Office equipment lease expense for the years ended December 31, 2020 and 2019 was $14,973 and $14,952, respectively.

NOTE 15 NET ASSETS

Net assets consist of the following at December 31:

	2020	2019
Without donor restrictions:		
Undesignated and unrestricted	$ 632,483	$ 181,471
With donor restrictions:		
Subject to expenditure for specific purpose:		
Bigs with Badges	27,282	62,373
Juvenile Justice and Deliquency Program	16,748	11
Big Futures	2,472	17,578
Ayana	160	1,038
Operation Bigs	-	196,445
	46,662	277,445
	$ 679,145	$ 458,916

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or events specified by donors during fiscal years ended December 31 are as follows:

	2020	2019
Purpose restrictions accomplished:		
Operation Bigs	$ 256,056	$ 210,654
Beyond School Walls	76,205	157,525
Bigs with Badges	60,091	77,672
Big Futures	40,106	34,922
Juvenile Justice and Deliquency Program	13,926	28,846
Ayana	878	11,013
Healthy Futures	-	5,000
	$ 447,262	$ 525,632

NOTE 16 LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contributions with donor restrictions. Contributions and expenses are monitored on a monthly basis by the Organization's management and a committee of the Board of Directors. The level of assets are monitored on an annual basis. The Organization's goal is to be able to function within the boundaries of the income received throughout the year.

The Organization currently has a line of credit established with a national bank. The line of credit ensures short-term financial ability of the Organization to pay general expenditures.

As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization manages its liquidity following three guiding principles: operating within a prudent range of financial stewardship and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient funds to provide reasonable assurance that long-term obligations will be discharged.

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2020	2019
Financial assets, at year-end:		
Cash	$ 715,581	$ 271,015
Pledges receivable	257,034	219,887
Total financial assets	972,615	490,902
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restictions:		
Restricted for specific programs	(46,662)	(277,445)
Restricted by time	(30,000)	-
Total amounts not available to be used within one year	(76,662)	(277,445)
Financial assets available to meet general expenditures within one year	$ 895,953	$ 213,457

NOTE 17 LEGAL CONTINGENCIES

The Organization is subject to various legal proceedings and claims incurred by non-profit organizations during the normal course of business, the outcomes of which are subject to significant uncertainty. Disclosure of contingency is required if there is a reasonable possibility that a loss has been incurred. The Organization evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. The Organization anticipates that these matters will not have a material adverse effect on the Organizations financial position or statement of activities at December 31, 2020 and 2019.

NOTE 18 SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2021, the date which the financial statements were available to be issued. There were no other material subsequent events which affected the amounts or disclosures in the consolidated financial statements, except as noted below.

As a result of the spread of the Covid-19 Coronavirus and the resulting stay-at-home orders issued by the State of California, the state in which the Organization operates, the Organization is experiencing reduced revenues. The duration of the reduction in revenues may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.

In April 20, 2021, the organization received loan proceeds in the amount of $368,698 under the Paycheck Protection Program ("PPP"). While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot assure the Organization will not take actions that could cause it to be ineligible for forgiveness of the loan, in whole or in part.