BIG BROTHERS BIG SISTERS
OF SAN DIEGO COUNTY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.

CONSIDINE & CONSIDINE
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of San Diego County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

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 as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of San Diego County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of San Diego County's ability to continue as a going concern for a reasonable period of time.

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

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An accountancy corporation

September 9, 2022

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,937,886	$ 715,581
Pledges receivable (note 3)	187,538	227,034
Prepaid expenses	20,559	75,690
Other current assets	9,296	10,255
	2,155,279	1,028,560
OTHER ASSETS		
Pledges receivable - long term (note 3)	20,000	30,000
Property and equipment (note 7)	20,683	28,061
Beneficial interests in foundations (note 4 and 5)	83,298	77,401
Beneficial interest in endowment funds (note 6)	2,948	2,801
	126,929	138,263
TOTAL ASSETS	2,282,208	1,166,823
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses (note 8)	124,362	113,135
Deferred revenue	-	25,000
Line of credit (note 9)	-	43,978
PPP loan (note 10)	368,698	305,565
TOTAL LIABILITIES	493,060	487,678
NET ASSETS (note 15)		
Without donor restrictions	1,785,317	632,483
With donor restrictions	3,831	46,662
TOTAL NET ASSETS	1,789,148	679,145
TOTAL LIABILITIES AND NET ASSETS	$ 2,282,208	$ 1,166,823

BIG BROTHERS BIG SISTERS OF SAN DIEGO COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Contributions	$ 1,279,438	$ 40,000	$ 1,319,438
Special events, net of direct benefits to donors of $142,703 (note 13)	1,215,300	-	1,215,300
Grants (note 12)	38,000	200,000	238,000
Unrealized gain on beneficial interests in foundations	5,897	-	5,897
Net investment loss	(694)	-	(694)
TOTAL SUPPORT AND REVENUE	2,537,941	240,000	2,777,941
NET ASSETS RELEASED FROM RESTRICTION			
Satisfaction of program restrictions	282,831	(282,831)	-
OPERATING EXPENSES			
Program services	1,476,321	-	1,476,321
Management and general	174,146	-	174,146
Fundraising expenses	323,036	-	323,036
	1,973,503	-	1,973,503
CHANGE IN NET ASSETS BEFORE OTHER INCOME	847,269	(42,831)	804,438
OTHER INCOME			
PPP loan forgiven	305,565	-	305,565
CHANGE IN NET ASSETS	1,152,834	(42,831)	1,110,003
NET ASSETS, BEGINNING	632,483	46,662	679,145
NET ASSETS, ENDING	$ 1,785,317	$ 3,831	$ 1,789,148

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 income	(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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES:				
Advertising and recruiting	$ 4,988	$ -	$ -	$ 4,988
Bad debt expense	-	-	5,675	5,675
Bank and credit card fees	1,002	3,176	10,480	14,658
Conferences and meetings	1,503	610	-	2,113
Depreciation and amortization	-	14,066	-	14,066
Dues - National	31,886	1,238	3,276	36,400
Employee benefits	93,494	2,965	11,223	107,682
Equipment rental and maintenance	7,350	505	763	8,618
Fundraising costs	45	-	508	553
Information and technology	32,591	4,020	3,416	40,027
Insurance	20,138	5,725	2,735	28,598
Interest expense	-	804	-	804
Office expense	17,515	27,788	4,273	49,576
Payroll taxes	77,507	4,458	7,643	89,608
Program expense	11,963	8,270	14	20,247
Professional services	55,034	19,034	27,731	101,799
Rent	109,629	19,940	17,225	146,794
Salaries	1,003,611	61,339	105,035	1,169,985
Travel	2,712	-	562	3,274
Utilities	5,353	208	550	6,111
Expenses before special events	1,476,321	174,146	201,109	1,851,576
Special events				
Facilities and venue	-	-	52,332	52,332
Food and beverage	-	-	97,506	97,506
Other event costs	-	-	114,792	114,792
	-	-	264,630	264,630
Costs of direct benefits to donors at special events	-	-	(142,703)	-
	-	-	121,927	121,927
TOTAL FUNCTIONAL EXPENSES	$ 1,476,321	$ 174,146	$ 323,036	$ 1,973,503
Percentage of total	76%	9%	15%	100%

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	-	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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

	2021	2020
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 1,110,003	$ 220,229
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	14,066	15,107
PPP loan forgiveness	(305,565)	-
Unrealized gain from beneficial interests in foundations	(5,897)	(6,033)
Loss on write down of pledge receivable	5,675	16,230
Changes in operating assets and liabilities:		
Pledges receivable	43,821	(53,377)
Prepaid expenses	55,131	(26,574)
Other current assets	959	288
Beneficial interest in endowment funds	(147)	(10)
Deferred revenue	(25,000)	25,000
Accounts payable and accrued expenses	11,227	(25,897)
	(205,730)	(55,266)
NET CASH PROVIDED BY OPERATING ACTIVITIES	904,273	164,963
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(6,688)	(15,637)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Net decrease on line of credit	(43,978)	(10,325)
Proceeds on PPP loan	368,698	305,565
	324,720	295,240
NET INCREASE IN CASH	1,222,305	444,566
CASH, BEGINNING OF YEAR	715,581	271,015
CASH, END OF YEAR	$ 1,937,886	$ 715,581
Supplemental disclosures:		
Interest paid	$ 804	$ 2,875
Taxes paid	$ -	$ -

See accompanying notes

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, 2021 and 2020, the Organization had net assets with donor restrictions of $3,831 and $46,662, 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, 2021 and 2020, the uninsured balance is $1,617,137 and $388,708, 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, 2021 and 2020, 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 $59,845 and $68,987, as of December 31, 2021 and 2020, 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, 2021 and 2020, the value of donated goods and services are $100,111 and $128,605, 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, 2021 and 2020, 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:

	2021	2020
Gross pledges receivable	$ 207,538	$ 257,034
Less: unamortized discount	-	-
Less: reserve for uncollected	-	-
Pledges receivable, net	$ 207,538	$ 257,034
Amounts due:		
Within one year	$ 187,538	$ 227,034
Within two years	10,000	10,000
Within three years	10,000	10,000
Within four years	-	10,000
Pledges receivable, net	$ 207,538	$ 257,034

On an ongoing basis the Organization evaluates pledges based on facts and circumstances surrounding the gift and communication with its donors. During 2021 and 2020, management has determined certain pledges to be uncollectible. Bad debt expense for the years ended December 31, 2021 and 2020 was $5,675 and $16,230, 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, 2021 and 2020 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, 2021 on a recurring basis:

Assets	Level 1	Level 2	Level 3	Total
Beneficial interest in Jewish Community Foundation of San Diego endowment fund	$ -	$ -	$ 25,398	$ 25,398
Beneficial interest in Rancho Santa Fe endowment fund	-	-	57,900	57,900
	$ -	$ -	$ 83,298	$ 83,298

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 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 methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods used to measure fair value at December 31, 2021 and 2020.

The Organization’s policy is to recognize transfers of investments into and out of level 3 as of the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2021 and 2020, there were no significant transfers of investments into or out of level 3.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2021:

Balance at December 31, 2020	$	77,401
Change in value		5,897
Distribution		-
Balance at December 31, 2021	$	83,298

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

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, 2021 and 2020, the distributable balance in SDCF totaled $2,948 and $2,801, 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:

	2021	2020
Office equipment	$ 88,260	$ 85,561
Furniture and fixtures	40,770	36,781
	129,030	122,342
Accumulated depreciation	(108,347)	(94,281)
	$ 20,683	$ 28,061

Depreciation expense was $14,066 and $15,107 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2021	2020
Accrued vacation	$ 59,845	$ 68,987
Accrued payroll expenses	43,425	29,472
Other accrued expenses	21,092	14,676
	$ 124,362	$ 113,135

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, 2021 and 2020, was 5.25%. At December 31, 2021 and 2020, the Organization had a balance of $0 and $43,978, respectively. The line of credit remains active as long as the account is in good-standing.

Interest expense related to the line is $804 and $2,875 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 PPP LOAN

In April 20, 2021, the Organization received a second round of PPP and entered into a note payable agreement with Self-Help Federal Credit Union Bank for $368,698, 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.

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. On April, 27, 2021, the Organization received an approval letter from the Small Business Administration, stated that their PPP loan had been fully forgiven. 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. The Organization records the PPP notes as debt on the balance sheet until loan forgiveness is received or the note is paid off. Any loan forgiveness is recorded as other income on the statement of income.

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. In 2021, the employer began to match employee contributions. The employer match begins at 1-year (1000 hours minimum), it will match 50% of employee contribution up to 3% of gross pay. 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:

	2021	2020
Revenue:		
Gourmet Dinner	$ 712,555	$ 334,384
Golf Marathon	305,191	195,094
Golf Jet Away	243,698	47,500
Poker Tournament	68,374	59,714
General Fundraising	27,882	15,454
Young Professionals Committee	303	6,432
	1,358,003	658,578
Expenses:		
Facilities and venue	97,506	15,441
Food and beverages	114,792	11,399
Other event costs	52,332	24,871
	264,630	51,711
	$ 1,093,373	$ 606,867

The Golf Jet Away resumed in 2021 at Pebble beach. In 2020, the Golf Jet Away 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:

2022	$ 144,454
2023	148,052
2024	152,310
2025	6,117
2026	2,549
	$ 453,482

Office space lease expense for the years ended December 31, 2021 and 2020 was $146,795 and $91,031, respectively. Office equipment lease expense for the years ended December 31, 2021 and 2020 was $8,618 and $14,973, respectively.

NOTE 15 NET ASSETS

Net assets consist of the following at December 31:

	2021	2020
Without donor restrictions:		
Undesignated and unrestricted	$ 1,785,317	$ 632,483
With donor restrictions:		
Subject to expenditure for specific purpose:		
Bigs with Badges	3,831	27,282
Juvenile Justice and Deliquency Program	-	16,748
Big Futures	-	2,472
Ayana	-	160
	3,831	46,662
	$ 1,789,148	$ 679,145

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:

	2021	2020
Purpose restrictions accomplished:		
Operation Bigs	$ 190,000	$ 256,056
Bigs with Badges	48,451	60,091
Big Futures	27,472	40,106
Juvenile Justice and Deliquency Program	16,748	13,926
Ayana	160	878
Beyond School Walls	-	76,205
	$ 282,831	$ 447,262

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's strategic plan includes a goal to accumulate cash on hand equal to at least six months of operating expenses. As of December 31, 2021, the Organization has over six months operating expenses available in cash reserves. The Organization continues to build reserve funds for both risk management and growth opportunities.

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, 2021 and 2020, 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:

	2021	2020
Financial assets, at year-end:		
Cash	$ 1,937,886	$ 715,581
Pledges receivable	207,538	257,034
Total financial assets	2,145,424	972,615
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restictions:		
Restricted for specific programs	(3,831)	(46,662)
Restricted by time	(20,000)	(30,000)
Total amounts not available to be used within one year	(23,831)	(76,662)
Financial assets available to meet general expenditures within one year	$ 2,121,593	$ 895,953

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, 2021 and 2020.

NOTE 18 SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 9, 2022, 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:

While the Organization is not experiencing reduced revenues due to the COVID-19 pandemic, the Organization continues to monitor the effects on the Organization and, as needed, adjusts its operations based on the health orders issued by governmental authorities. The future financial impact of the pandemic cannot be reasonably estimated at this time.

On June, 21, 2022, the Organization received an approval letter from the Small Business Administration, stated that their second PPP loan had been fully forgiven.