

*Audited Financial Statements*

*Nutmeg Big Brothers Big Sisters, Inc.*

*Years Ended June 30, 2021 and 2020  
with Independent Auditors' Report*



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Nutmeg Big Brothers Big Sisters, Inc.

Audited Financial Statements

Years ended June 30, 2021 and 2020

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## Independent Auditors' Report

To the Board of Directors of  
Nutmeg Big Brothers Big Sisters, Inc.  
Hartford, Connecticut

We have audited the accompanying financial statements of Nutmeg Big Brothers Big Sisters, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditors' Report (continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nutmeg Big Brothers Big Sisters, Inc. at June 30, 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.

*Fiondella, Milone & LaSaracina LLP*

Glastonbury, Connecticut  
November 23, 2021

Nutmeg Big Brothers Big Sisters, Inc.  
Statements of Financial Position

	June 30,	
<b>Assets</b>	2021	2020
Current assets:		
Cash and cash equivalents	\$ 885,120	\$ 494,586
Investments	277,144	130,589
Receivables, net of allowance for doubtful accounts, current portion	154,335	163,316
Prepaid expenses	7,245	9,867
Total current assets	1,323,844	798,358
Non-current assets:		
Receivables, net, less current portion	100,010	109,474
Property and equipment, net	8,634	8,668
Total assets	\$ 1,432,488	\$ 916,500
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 108,664	\$ 35,587
Accrued expenses	107,354	95,800
Other current liabilities	10,000	14,560
Total current liabilities	226,018	145,947
Long-term liabilities:		
Paycheck Protection Program loan	238,657	236,353
Total Liabilities	464,675	382,300
Net assets without donor restrictions:		
Board designated - reserve fund	288,453	154,679
Other	543,430	339,123
Total net assets without donor restrictions	831,883	493,802
Net assets with donor restrictions	135,930	40,398
Total net assets	967,813	534,200
Total liabilities and net assets	\$ 1,432,488	\$ 916,500

*See accompanying notes*

Nutmeg Big Brothers Big Sisters, Inc.  
Statements of Activities  
For the Years Ended June 30, 2021 and 2020

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>						
Contributions	\$ 712,833	\$ 135,867	\$ 848,700	\$ 891,590	\$ 13,172	\$ 904,762
U.S. Treasury grants	672,666	-	672,666	583,741	-	583,741
Special events, net	252,715	-	252,715	209,079	-	209,079
Payroll protection program (PPP) - debt forgiveness	236,353	-	236,353	-	-	-
In-kind contributions	112,692	-	112,692	200,748	-	200,748
United Way contributions	72,665	-	72,665	76,907	-	76,907
HartSprings Foundation, Inc.	52,674	-	52,674	41,888	-	41,888
Net assets released from restriction	40,335	(40,335)	-	91,973	(91,973)	-
Investment income, net	33,775	-	33,775	1,835	-	1,835
Total support and revenues	<u>2,186,708</u>	<u>95,532</u>	<u>2,282,240</u>	<u>2,097,761</u>	<u>(78,801)</u>	<u>2,018,960</u>
<b>Expenses</b>						
<b>Program services:</b>						
Big Brothers Big Sisters	858,770	-	858,770	1,119,281	-	1,119,281
Foster Grandparents	572,546	-	572,546	549,310	-	549,310
	<u>1,431,316</u>	<u>-</u>	<u>1,431,316</u>	<u>1,668,591</u>	<u>-</u>	<u>1,668,591</u>
<b>Supporting services:</b>						
Management and general	231,286	-	231,286	158,661	-	158,661
Fundraising	186,025	-	186,025	212,515	-	212,515
Total expenses	<u>1,848,627</u>	<u>-</u>	<u>1,848,627</u>	<u>2,039,767</u>	<u>-</u>	<u>2,039,767</u>
<b>Changes in net assets</b>	<u>338,081</u>	<u>95,532</u>	<u>433,613</u>	<u>57,994</u>	<u>(78,801)</u>	<u>(20,807)</u>
<b>Net assets - beginning of year</b>	<u>493,802</u>	<u>40,398</u>	<u>534,200</u>	<u>435,808</u>	<u>119,199</u>	<u>555,007</u>
<b>Net assets - end of year</b>	<u>\$ 831,883</u>	<u>\$ 135,930</u>	<u>\$ 967,813</u>	<u>\$ 493,802</u>	<u>\$ 40,398</u>	<u>\$ 534,200</u>

See accompanying notes

Nutmeg Big Brothers Big Sisters, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2021

	<u>Program Services</u>				Fundraising	Total
	Big Brothers Big Sisters	Foster Grandparents	Management and General			
<b>Salaries and related expenses:</b>						
Salaries	\$ 508,965	\$ 172,101	\$ 116,298	\$ 81,461	\$ 878,825	
Payroll taxes	46,038	12,441	8,455	5,635	72,569	
Employee benefits	46,003	23,410	26,613	10,880	106,906	
Total salaries and related expenses	<u>601,006</u>	<u>207,952</u>	<u>151,366</u>	<u>97,976</u>	<u>1,058,300</u>	
<b>Other expenses:</b>						
Activities	44,891	29,409	4,364	4,955	83,619	
Bad debt expense	-	-	-	11,800	11,800	
Conferences and meetings	920	-	293	1,113	2,326	
Donated advertising	43,351	3,188	-	32,263	78,802	
Dues and subscriptions	22,960	51	4,806	4,870	32,687	
Equipment rental and maintenance	9,921	3,182	2,596	1,569	17,268	
Insurance	19,494	6,855	6,661	3,009	36,019	
Bank and credit card fees	1,458	-	53	6,387	7,898	
Occupancy	32,811	18,296	7,123	5,312	63,542	
Office expense and supplies	9,878	3,181	9,061	1,836	23,956	
Postage	1,415	742	411	210	2,778	
Printing and publications	-	-	1,250	2,564	3,814	
Professional fees	54,837	18,756	40,288	9,022	122,903	
Telephone and internet	11,691	4,689	2,784	3,100	22,264	
Travel	117	657	7	39	820	
Volunteer support	-	275,048	-	-	275,048	
Total other expenses	<u>253,744</u>	<u>364,054</u>	<u>79,697</u>	<u>88,049</u>	<u>785,544</u>	
Depreciation	4,020	540	223	-	4,783	
Total functional expenses	<u>\$ 858,770</u>	<u>\$ 572,546</u>	<u>\$ 231,286</u>	<u>\$ 186,025</u>	<u>\$ 1,848,627</u>	

*See accompanying notes*

Nutmeg Big Brothers Big Sisters, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2020

	<u>Program Services</u>				<b>Total</b>
	<b>Big Brothers Big Sisters</b>	<b>Foster Grandparents</b>	<b>Management and General</b>	<b>Fundraising</b>	
<b>Salaries and related expenses:</b>					
Salaries	\$ 627,673	\$ 172,669	\$ 94,366	\$ 87,191	\$ 981,899
Payroll taxes	45,064	12,722	6,790	6,303	70,879
Employee benefits	81,008	20,363	11,046	14,789	127,206
Total salaries and related expenses	<u>753,745</u>	<u>205,754</u>	<u>112,202</u>	<u>108,283</u>	<u>1,179,984</u>
<b>Other expenses:</b>					
Activities	52,244	17,117	1,494	9,155	80,010
Bad debt expense	1,625	-	-	4,850	6,475
Conferences and meetings	95	-	5,888	1,317	7,300
Donated advertising	110,071	8,067	-	43,562	161,700
Dues and subscriptions	26,461	-	3,312	4,391	34,164
Equipment rental and maintenance	13,086	1,885	2,275	1,613	18,859
Insurance	24,993	5,016	6,881	4,081	40,971
Bank and credit card fees	504	30	111	2,574	3,219
Occupancy	39,277	17,048	3,107	3,403	62,835
Office expense and supplies	13,681	1,734	1,743	334	17,492
Postage	2,951	598	269	905	4,723
Printing and publications	-	-	8,191	1,181	9,372
Professional fees	56,339	15,977	9,044	23,942	105,302
Telephone and internet	13,169	5,857	3,660	2,386	25,072
Travel	3,634	1,659	73	538	5,904
Volunteer support	-	268,157	-	-	268,157
Total other expenses	<u>358,130</u>	<u>343,145</u>	<u>46,048</u>	<u>104,232</u>	<u>851,555</u>
Depreciation	7,406	411	411	-	8,228
Total functional expenses	<u>\$ 1,119,281</u>	<u>\$ 549,310</u>	<u>\$ 158,661</u>	<u>\$ 212,515</u>	<u>\$ 2,039,767</u>

*See accompanying notes*



Nutmeg Big Brothers Big Sisters, Inc.  
Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 433,613	\$ (20,807)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	4,783	8,228
Unrealized and realized loss (gain) on investments, net of investment fees	(30,311)	2,956
Bad debt expense	11,800	6,475
PPP debt forgiveness	(236,353)	-
Changes in assets and liabilities:		
Receivables, net	6,645	169,161
Prepaid expenses	2,622	(3,172)
Accounts payable	73,077	(19,675)
Accrued expenses	11,554	(31,209)
Other current liabilities	(4,560)	(5,440)
Net cash provided by operating activities	272,870	106,517
<b>Cash flows from financing activities</b>		
Proceeds from Paycheck Protection Program loan	238,657	236,353
Net cash provided by financing activities	238,657	236,353
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(4,749)	-
Net (purchase) sale of investments	(116,244)	9,917
Net cash (used) provided by investing activities	(120,993)	9,917
Net increase in cash and cash equivalents	390,534	352,787
<b>Cash and cash equivalents - beginning of year</b>	494,586	141,799
<b>Cash and cash equivalents - end of year</b>	\$ 885,120	\$ 494,586

*See accompanying notes*

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements

June 30, 2021 and 2020

**1. Description of Organization and Nature of Activities**

Nutmeg Big Brothers Big Sisters, Inc. (the Organization) is a nonprofit, voluntary welfare agency. The Organization exists to make a positive difference in the lives of children and youth facing adversity, primarily through professionally supported relationships with caring adult volunteers. The Organization strives to assist children to achieve their highest potential by providing committed volunteers, local leadership and advocacy. The Organization builds mentoring relationships in 132 Connecticut towns. These relationships unite children with committed volunteers, changing lives for the better, forever.

In addition to the traditional program, the Organization operates the Foster Grandparents Program. The Foster Grandparents Program matches low income senior citizens to children in schools, day care centers and head start programs. Low income seniors are paid a non-taxable stipend to reimburse them for certain time and expenses incurred by participating in the program.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting and Presentation**

The accompanying financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

***Without Donor Restrictions*** - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management. There are Board designated funds of \$288,453 and \$154,679 at June 30, 2021 and 2020 (see Note 3).

***With Donor Restrictions*** - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provision of additional donor imposed stipulations or a board approved spending policy. There are \$135,930 and \$40,398 of donor restricted net assets at June 30, 2021 and 2020 (see Note 3).

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting and Presentation (continued)**

**Use of Estimates**

The preparation of the financial statements in conformity with GAAP which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

**Risks and Uncertainties**

The Organization maintains its cash and cash equivalents in financial institution accounts that, at times during the year, can exceed federally insured limits. The cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2021 and 2020. The Organization also maintains an investment account in a financial institution that is not insured by the FDIC.

In early March 2020, there was a global outbreak of the novel coronavirus (COVID-19) that has resulted in significant changes in the global economy. As a result, the Organization canceled certain events and temporarily suspended programming due to school closures. The Organization received two rounds of PPP loan proceeds pursuant to the CARES Act to help alleviate the adverse impact of COVID-19 (see Note 8) and developed a virtual delivery format for many events and programs. The ultimate financial impact that COVID-19 will have on the Organization cannot be reasonably estimated at this time.

**Cash and Cash Equivalents**

Cash equivalents consist of cash and money market accounts with original maturities of three months or less.

**Investments**

The Organization primarily invests in mutual funds, fixed income funds, Exchange-Traded Funds (ETF's), and equities. Investments are reported at their current fair values. Purchases and sales of securities are recorded on the trade date basis. Investment earnings include gains and losses on investments bought and sold as well as held during the year. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Receivables**

Receivables expected to be collected within one year are recorded as current assets on the statements of financial position. Receivables are presented net of a bad debt allowance. Allowances for receivables are determined by management based on an assessment of their collectability, which includes consideration of past history, current economic conditions and overall viability of the third-party. There was an allowance for doubtful accounts of \$4,300 at June 30, 2021 and 2020. Receivables that are expected to be collected in future years are recorded at their net present value (see Note 5).

**Property and Equipment**

Property and equipment are stated at cost. Depreciation of property and equipment is calculated over their estimated useful lives, generally five years, using the straight-line method. Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvement or the lease term. Renewals and improvements which extend the useful lives of assets are capitalized at cost. Maintenance and repairs are included as expenses in the statements of activities.

**Revenue Recognition**

Grant revenue is reviewed for classification as an exchange transaction in accordance with ASC 606 *Revenue from Contracts with Customers*, or contribution in accordance with ASC 958-605 *Not-for-Profit Entities – Revenue Recognition*. Revenue related to exchange transactions is recognized as costs are incurred and revenue recognition for contributions is described below. Receivables are recognized to the extent costs have been incurred, but not reimbursed. Conversely, a liability is recorded when grant advances exceed eligible costs.

Contributions are defined as voluntary, nonreciprocal transfers. All contributions are considered to be available for general use unless specifically restricted by the donor. Unconditional contributions are recognized as support when received or pledged, if applicable. Contributions received that are contingent on the occurrence of a future event are deferred until the condition is substantially met, at which time they are recognized as support.

Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of such assets. 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 statement of activities as net assets released from restrictions. The Organization's policy is to present net assets with donor restrictions received during the year whose restrictions are also met during the current year with net assets without donor restrictions.

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

Ticket sales for special events are generally recognized as revenue when the special event takes place. The portion of advance ticket sales that represents the fair value of direct donor benefits for special events that do not take place until the next fiscal year are recorded as a liability (deferred revenue). The portion of advance ticket sales that represents the donor's contribution may be recognized when the ticket is sold or when the event occurs, depending on management's assessment of the likelihood that the event will take place.

**In-kind Goods and Services**

The Organization records the value of donated goods when there is an objective basis available to measure their value. The Organization records the value of donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. Donated goods and services are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. For the years ended June 30, 2021 and 2020, \$78,802 and \$161,700, respectively, has been recognized as revenue in the financial statements for donated advertising services; \$33,890 and \$37,176, respectively, has been recognized for various donated gifts, which consist primarily of tickets to events; and \$0 and \$1,872, respectively, has been recognized for food donated to the participants of the Foster Grandparents Program.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising Costs**

The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred.

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial instruments held by the Foundation. ASC 825, *Financial Instruments*, defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows:

- Level 1 – Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The Organization’s assets that are measured at fair value on a recurring basis as of June 30, 2021 and 2020 consist of mutual funds, fixed income funds, equities, and ETF’s, which are classified as investments and all are considered Level 1 in the fair value hierarchy.

Investments in mutual funds and equities are valued using market prices in active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. There has been no change in this valuation method from the prior year.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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.

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**2. Net Assets Restricted by Donors and Board**

***Donor Restricted***

Donor restricted net assets consist of the following at June 30:

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Site based programming	\$ 67,665	\$ -
Community based programming	39,492	-
Arthur Director Leadership Program	20,000	20,000
Technology upgrades	5,223	13,172
FGP programming	2,800	-
Virtual mentoring	750	-
UConn on-campus mentoring	-	7,226
<b>Total</b>	<b>\$ 135,930</b>	<b>\$ 40,398</b>

***Board Reserve Fund***

The Board of Directors has designated \$288,453 and \$154,679 as of June 30, 2021 and 2020, respectively, as a reserve fund to support the mission of the Organization. The fund is comprised of contributions without donor restrictions received by the Organization, the total of which is held in investment and money market accounts. The reserve fund is included as part of net assets without donor restrictions. The Board approves all investment and spending decisions involving the fund. Changes in the reserve fund for the years ended June 30, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Reserve fund, beginning of year	\$ 154,679	\$ 152,844
Investment gain, net of fees	33,774	1,835
Contributions	100,000	-
<b>Reserve fund, end of year</b>	<b>\$ 288,453</b>	<b>\$ 154,679</b>

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**4. Investments**

Investments as of June 30, 2021 are summarized as follows:

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized (Loss) Gain</b>
Mutual funds	\$ 69,067	\$ 80,536	\$ 11,469
Equities	55,414	72,413	16,999
Fixed income	80,263	81,289	1,026
ETFs	37,544	42,906	5,362
<b>Total</b>	<b>\$ 242,288</b>	<b>\$ 277,144</b>	<b>\$ 34,856</b>

The following schedule summarizes the investment return for the year ended June 30, 2021:

Interest and dividends	\$ 3,464
Unrealized and realized loss	32,470
Investment fees	(2,159)
	<u>\$ 33,775</u>

Investments as of June 30, 2020 are summarized as follows:

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized (Loss) Gain</b>
Mutual funds	\$ 7,018	\$ 6,896	\$ (122)
Equities	67,204	75,866	8,662
Fixed income	46,350	46,823	473
ETFs	930	1,004	74
<b>Total</b>	<b>\$ 121,502</b>	<b>\$ 130,589</b>	<b>\$ 9,087</b>

The following schedule summarizes the investment return for the year ended June 30, 2020:

Interest and dividends	\$ 4,791
Unrealized and realized gain	(1,060)
Investment fees	(1,896)
	<u>\$ 1,835</u>

**5. Receivables**

Unconditional promises to give (contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Discount rates of 0.46% and 0.18% (based on the three year Treasury bill rates of return) were used for the fiscal years ended June 30, 2021 and 2020, respectively.



Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**5. Receivables (continued)**

Included in receivables are the following unconditional promises to give:

	<b>2021</b>	<b>2020</b>
Contributions	\$ 133,690	\$ 200,760
Grants and contracts	90,919	38,956
Other receivables	34,326	37,900
Total gross receivables	<u>258,935</u>	<u>277,616</u>
Less: discount to present value	(290)	(526)
Less: allowance for doubtful accounts	(4,300)	(4,300)
Net receivables	<u>\$ 254,345</u>	<u>\$ 272,790</u>

Amounts due in:

Less than one year	\$ 158,635	\$ 167,616
One to five years	100,300	110,000
Total gross receivables	<u>\$ 258,935</u>	<u>\$ 277,616</u>

As of June 30, 2021, amounts receivable for the Foster Grandparents Program represented approximately 15% of total gross receivables and a grant receivable from an individual donor was approximately 11% of total gross receivables. As of June 30, 2020, amounts receivable for the Foster Grandparents Program represented approximately 10% of total gross receivables and a grant receivable from an individual donor was approximately 11% of total gross receivables.

**6. Property and Equipment**

Property and equipment consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
Leasehold improvements	\$ 18,950	\$ 18,950
Furniture and fixtures	23,080	23,080
Computers and software	80,280	75,531
	<u>122,310</u>	<u>117,561</u>
Less: accumulated depreciation	(113,676)	(108,893)
Total property and equipment, net	<u>\$ 8,634</u>	<u>\$ 8,668</u>

Depreciation expense related to property and equipment was \$4,783 and \$8,228 for the years ended June 30, 2021 and 2020, respectively.

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**7. Line of Credit**

The Organization maintains into a Line of Credit Agreement with an unrelated third-party that allows borrowings of up to \$75,000 as of June 30, 2021 and 2020. Interest is payable monthly on amounts outstanding at a rate of 4% per annum, payable in arrears. The Line of Credit is due in full by May 30, 2022 unless extended by the lender. There are no borrowings outstanding under the Line of Credit at June 30, 2021 or 2020.

**8. Paycheck Protection Program Loans**

*Round 1 – PPP Forgivable Loan*

On May 1, 2020, the Organization received its first round of loan forgiveness funding in the amount of \$236,353 from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was established to assist small businesses in keeping their employees on payroll during the COVID-19 outbreak in early 2020. Funds may only be used to (a) retain workers and maintain payroll and/or (b) make mortgage interest payments, lease payments, and utility payments, and for no other purposes. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act and maintain a certain number of employees. If these restrictions are not met within a 24-week period, the unspent funds become a loan which is payable two years from the date of issuance and bears an interest rate of 1%. The Organization elected to account for the proceeds in accordance with FASB ASC 470, Debt, and as a result, has recorded the \$236,353 forgivable loan as a liability at June 30, 2020. In June 2021, the loan was fully forgiven by the SBA. During the year ended June 30, 2021, the Organization recognized \$236,353 of PPP debt forgiveness income.

*Round 2 – PPP Forgivable Loan*

On February 15, 2021, the Organization received its second round of loan forgiveness funding in the amount of \$238,657 from the SBA under the PPP. At June 30, 2021, the Organization recorded the \$238,657 forgivable loan as a liability.

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**9. United Way Allocations**

The following is a schedule of support from the various United Way contributing agencies:

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
United Way of Central & Northeastern CT	\$ 50,004	\$ 51,996
United Way of West Central Connecticut	3,538	3,720
United Way of Northwest Connecticut, Inc.	1,623	3,427
United Way of Naugatuck and Beacon Falls, Inc.	500	764
United Way of Meriden and Wallingford	3,000	3,000
United Way of Greater Waterbury	14,000	14,000
Total	\$ 72,665	\$ 76,907

**10. HartSprings Foundation, Inc.**

HartSprings Foundation, Inc. (HartSprings) is a nonprofit organization co-founded in 1997 with Big Brothers Big Sisters of Hampden County, Inc. and currently is controlled and operated by Big Brothers Big Sisters of Hampden County, Inc. HartSprings solicits and collects donations of clothing, which are then sold to an unrelated company. The Organization has an agreement through January 2022 to allow HartSprings to solicit donations in Hartford, Tolland, Windham, Middlesex, and upper New Haven Counties in Connecticut under the Organization's name in exchange for a fixed dollar amount per pound of clothing collected. For the years ended June 30, 2021 and 2020, the Organization earned \$52,674 and \$41,888, respectively, from HartSprings under the agreement.

**11. Special Events**

The Organization holds several special events during the year, including Bowl for Kids, an Annual Golf Tournament, and an Annual Gala. Special event revenues are shown net of related expenses in the accompanying Statements of Activities and Changes in Net Assets. Certain events were cancelled or postponed during the year ended June 30, 2020 due to the COVID-19 pandemic. As described in Note 2, sponsor revenue or donations related to those events have been recognized and the portion of ticket sales related to direct donor benefits has been deferred at June 30, 2020. Gross special events revenue and expenses for the years ended June 30, 2021 and 2020 are as follows:

	<b>2021</b>		<b>2020</b>	
Gross revenue	\$	327,403	\$	244,460
Less: costs of direct benefits to donors		(74,688)		(35,381)
Special events revenue, net	\$	252,715	\$	209,079

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**12. Income Taxes**

The Organization has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

Management of the Organization evaluates all significant tax positions required by accounting principles generally accepted in the United States of America. At June 30, 2021 and 2020, management stated it does not have any tax position that would require the recording of any additional tax liability nor does it have any unrealized tax benefits that would either increase or decrease within the next twelve months.

The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of June 30, 2021 and 2020, the Organization's federal and state tax returns generally remain open for examination for years after June 30, 2018.

**13. Commitments and Contingencies**

**Operating Lease**

The Organization has a lease for office space in Hartford, Connecticut through December 2022 that requires a monthly lease payment of \$4,519 plus certain charges for maintenance and storage. Rent expense for both of the years ended June 30, 2021 and 2020 was \$60,228.

Future minimum rental payments under non-cancelable operating leases are as follows for the year ended June 30:

2022	\$	54,228
2023		27,114
Total	<u>\$</u>	<u>81,342</u>

**14. Information about Liquidity**

The operations and programs of the Organization are primarily funded through contributions, grants and special events. The revenues allow the Organization to provide mission-related services while maintaining a positive working capital position. Should the Organization require additional funds to support operations, the Board of Directors has established a reserve fund to support the mission of the Organization. The balance in the fund at June 30, 2021 was \$288,453 (Note 3). In addition, in the event of an unanticipated liquidity need, the Organization maintains a line of credit which allows borrowings up to \$75,000 that has no amounts outstanding at June 30, 2021 (Note 7). Finally, management expects to meet the criteria required for forgiveness of their \$238,657 second round Paycheck Protection Program loan (Note 8).

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**15. Availability of Financial Assets**

The following reflects the Organization’s financial assets as of the financial position date, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor imposed restrictions or internal designations.

	<b>2021</b>
Financial assets:	
Cash and cash equivalents	\$ 885,120
Receivables	254,345
Investments	277,144
	<b>1,416,609</b>
Less:	
Receivables scheduled to be collected in more than 1 year	100,010
Board designated funds *	288,453
Funds subject to donor restrictions	135,930
	<b>524,393</b>
Total financial assets available within one year	<b>\$ 892,216</b>

\* Board designated funds are available for use by management upon written approval of Board Treasurer or Board Chair.

**16. Affiliate Transactions**

The Organization is a local affiliate of Big Brothers Big Sisters of America, Inc. (the national affiliate). The Organization pays membership dues and fees for use of the national affiliate’s software. National affiliate membership dues totaled \$29,593 and \$31,733 for the years ending June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, payables outstanding to Big Brothers Big Sisters of America, Inc. were \$6,963 and \$15,667, respectively.

The Organization entered into an agreement through January 31, 2020 with Big Brothers Big Sisters of Massachusetts Bay (BBBSMB), who is also a local affiliate of the national organization. BBBSMB provides consulting services related to aspects of its major donor development plan. The Organization made payments of \$10,000 to BBBSMB every six months in exchange for these services. The Organization incurred expenses of \$13,750 for the year ended June 30, 2020, related to the BBBSMB agreement. The agreement was not renewed, meaning the arrangement was terminated as of January 31, 2020. At June 30, 2021, there was \$10,000 payable to BBBSMB related to this agreement. BBBSMB has indicated that the final amount due can be deferred indefinitely.

Nutmeg Big Brothers Big Sisters, Inc.  
Notes to Financial Statements (continued)

**17. Concentration of Support and Revenue**

The Organization receives a significant amount of support from the U.S. Federal Government for the Foster Grandparents Program in the form of grants. For the years ended June 30, 2021 and 2020, this support was approximately 23% and 25% of total revenues, respectively. A significant reduction in the level of this support could have a material effect on the Organization's ability to continue the Foster Grandparents Program and related activities.

**18. Employee Benefit Plan**

The Organization has a defined contribution plan covering all eligible employees. The Organization is required to make a matching contribution in the amount of \$0.50 per dollar for the first 2% invested in the Plan. Total employer matching contribution expense for the years ended June 30, 2021 and 2020 was \$3,590 and \$3,607, respectively.

**19. Litigation**

The Organization periodically is subject to claims that arise in the ordinary course of operations. It is the opinion of management that the disposition or ultimate resolution of such claims will not have a material adverse effect on the financial position of the Organization.

**20. Subsequent Events**

The Organization has evaluated events occurring between June 30, 2021 and November 23 2021, the date the financial statements were available to be issued.