BIG BROTHERS BIG SISTERS OF THE MIDLANDS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2020 AND 2019

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Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Brothers Big Sisters of the Midlands
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of the Midlands (the Organization), a Nebraska non-profit corporation, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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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INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

Bland + Associates, P.C.

Omaha, Nebraska
May 13, 2021

BIG BROTHERS BIG SISTERS OF THE MIDLANDS
STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31, 2020	December 31, 2019
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,272,904	$ 1,039,513
Unconditional Promises to Give	299,882	247,100
Prepaid Expenses	25,241	30,611
Total Current Assets	1,598,027	1,317,224
PROPERTY AND EQUIPMENT		
Office Equipment	44,997	44,997
Computers and Software	16,198	16,198
	61,195	61,195
Less Accumulated Depreciation	(56,748)	(54,050)
Total Property and Equipment	4,447	7,145
OTHER ASSETS		
Beneficial Interest in Assets Held by Omaha Community Foundation	14,706	13,348
Total Other Assets	14,706	13,348
	$ 1,617,180	**$ 1,337,717**

LIABILITIES AND NET ASSETS	December 31, 2020	December 31, 2019
CURRENT LIABILITIES		
Accounts Payable	$ 3,474	$ 17,330
Accrued Vacation	98,164	96,742
Accrued Wages	48,649	38,542
Total Current Liabilities	150,287	152,614
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,156,011	927,003
Total Without Donor Restrictions	1,156,011	927,003
With Donor Restrictions		
Perpetual in Nature	11,000	11,000
Time Restricted for Future Periods	299,882	247,100
Total With Donor Restrictions	310,882	258,100
Total Net Assets	1,466,893	1,185,103
	$ 1,617,180	**$ 1,337,717**

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

BIG BROTHERS BIG SISTERS OF THE MIDLANDS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Years Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND SUPPORT						
Contributions	$ 1,041,203	$ 104,882	$ 1,146,085	$ 1,046,608	$ 27,100	$ 1,073,708
United Way of the Midlands	73,334	60,000	133,334	94,653	70,000	164,653
Grants	547,515	135,000	682,515	255,692	75,000	330,692
Special Events	224,043	-	224,043	422,996	-	422,996
Less: Direct Benefit to Donors	-	-	-	(36,983)	-	(36,983)
In-Kind Contributions	40,151	-	40,151	105,366	-	105,366
Investment Revenue	3,316	-	3,316	7,173	-	7,173
Paycheck Protection Program Grant Revenue	332,000	-	332,000	-	-	-
Miscellaneous Income	490	-	490	5,825	-	5,825
Net Assets Released from Restriction	247,100	(247,100)	-	254,999	(254,999)	-
Total Operating Revenues and Support	2,509,152	52,782	2,561,934	2,156,329	(82,899)	2,073,430
OPERATING EXPENSES						
Program Services	1,818,185	-	1,818,185	2,023,221	-	2,023,221
Management and General	185,669	-	185,669	174,306	-	174,306
Fundraising	276,290	-	276,290	300,365	-	300,365
Total Operating Expenses	2,280,144	-	2,280,144	2,497,892	-	2,497,892
CHANGES IN NET ASSETS	229,008	52,782	281,790	(341,563)	(82,899)	(424,462)
NET ASSETS - BEGINNING OF YEAR	927,003	258,100	1,185,103	1,268,566	340,999	1,609,565
NET ASSETS - END OF YEAR	**$ 1,156,011**	**$ 310,882**	**$ 1,466,893**	**$ 927,003**	**$ 258,100**	**$ 1,185,103**

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

BIG BROTHERS BIG SISTERS OF THE MIDLANDS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,199,238	$ 124,212	$ 147,726	$ 1,471,176
Benefits	163,804	13,769	21,356	198,929
Taxes and Withholdings	93,431	6,218	14,109	113,758
Total Salaries and Related Expenses	1,456,473	144,199	183,191	1,783,863
Professional Fees	68,231	19,419	12,965	100,615
Occupancy	76,029	6,836	11,194	94,059
Insurance	39,884	2,919	5,837	48,640
In-Kind Donations	40,151	-	-	40,151
Fund Development	7	-	36,170	36,177
Membership Dues/Fees	29,716	572	414	30,702
Supplies	18,949	3,690	7,945	30,584
Telecommunications	17,594	1,642	7,998	27,234
Program Services	20,865	-	-	20,865
Conference/Meetings	13,129	2,049	3,168	18,346
Recruitment	15,698	-	48	15,746
Equipment Rental and Maintenance	10,760	786	1,575	13,121
Postage and Delivery	3,984	291	583	4,858
Bank Charges and Fees	3	-	4,508	4,511
Travel	2,955	799	306	4,060
Other (Miscellaneous)	1,097	2,141	65	3,303
Depreciation	2,214	161	323	2,698
Background Checks	359	-	-	359
Printing and Publication	-	165	-	165
Interest	87	-	-	87
TOTAL FUNCTIONAL EXPENSES	**$ 1,818,185**	**$ 185,669**	**$ 276,290**	**$ 2,280,144**

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

BIG BROTHERS BIG SISTERS OF THE MIDLANDS
STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,256,097	$ 98,551	$ 190,177	$ 1,544,825
Benefits	204,095	5,570	17,624	227,289
Taxes and Withholdings	92,176	6,889	14,529	113,594
Total Salaries and Related Expenses	1,552,368	111,010	222,330	1,885,708
In-Kind Donations	105,366	-	-	105,366
Occupancy	79,749	8,446	11,943	100,138
Fund Development	-	-	74,759	74,759
Professional Fees	32,178	35,686	5,660	73,524
Program Services	63,282	-	115	63,397
Insurance	42,121	3,055	4,986	50,162
Recruitment	41,045	171	266	41,482
Supplies	17,996	1,700	8,250	27,946
Membership Dues/Fees	25,618	360	630	26,608
Travel	18,788	1,532	716	21,036
Conference/Meetings	10,824	2,926	2,246	15,996
Telecommunications	11,585	1,945	1,144	14,674
Equipment Rental and Maintenance	10,779	786	1,577	13,142
Other (Miscellaneous)	2,054	5,864	205	8,123
Postage and Delivery	4,847	354	709	5,910
Depreciation	2,483	180	362	3,025
Background Checks	2,138	-	-	2,138
Bank Charges and Fees	-	-	1,450	1,450
Printing and Publication	-	291	-	291
Total Expenses before Direct Benefit to Donors	2,023,221	174,306	337,348	2,534,875
Less Direct Benefit to Donors	-	-	(36,983)	(36,983)
TOTAL FUNCTIONAL EXPENSES	**$ 2,023,221**	**$ 174,306**	**$ 300,365**	**$ 2,497,892**

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

BIG BROTHERS BIG SISTERS OF THE MIDLANDS
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 281,790	$ (424,462)
Adjustments to Reconcile Changes in Net Assets to Net		
Cash Provided By (Used In) Operating Activities		
Depreciation and Amortization	2,698	3,025
Unrealized Gain on Beneficial Interest on Assets Held by Omaha Community Foundation	(1,358)	(1,797)
(Increase) Decrease in Assets:		
Unconditional Promises to Give	(52,782)	80,500
Prepaid Expenses	5,370	(301)
Increase (Decrease) in Liabilities:		
Accounts Payable	(13,856)	14,068
Accrued Vacation	1,422	(27)
Accrued Wages	10,107	4,085
Net Cash Provided By (Used In) Operating Activities	233,391	(324,909)
Net Increase (Decrease) in Cash and Cash Equivalents	233,391	(324,909)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,039,513	1,364,422
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 1,272,904**	**$ 1,039,513**

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Big Brothers Big Sisters of the Midlands (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Organization is a 501(c)(3) nonprofit organization for the purpose of creating and supporting one-to-one mentoring relationships that ignite the power and promise of youth. The Organization's support comes primarily from individual and foundation donor contributions and grants which can vary in concentration at any time.

Basis of Presentation

The Organization maintains its accounts on the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 restriction.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Measure of Operations

In the statements of activities and changes in net assets, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, are recognized as operating support, revenues, gains, and losses.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statements of cash flows.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management reports promises to give net of allowance for uncollectible promises on its financial statements. The Organization considers promises to give to be 100% collectible; therefore, no allowance for uncollectible amounts has been established.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs of less than $1,000 are charged to expense as incurred. The cost of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

	Years
Office Equipment	5-15
Computers and Software	3-5

Beneficial Interest in Assets Held by Omaha Community Foundation

The Organization established an endowment fund that is perpetual in nature under a community foundation. The Organization granted variance power to the community foundation, which allows the community foundation to have ultimate authority and control over the fund and the income derived therefrom. The fund is held and invested by the community foundation for the Organization's benefit and is reported at fair value within the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Compensated Absences

Employees of the Organization are entitled to certain amounts of paid personal time off. In the event of termination, an employee is reimbursed for accumulated unused paid time off. The Organization's policy is to recognize the cost of the compensated absences when actually earned by the employees and is included in the accompanying financial statements.

Revenue and Revenue Recognition

The Organization recognizes revenue when a customer obtains controls of promised goods or services, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies the performance obligation. The Organization only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

At contract inception, once the contract is determined to be within the scope of Topic 606, the Organization assesses the goods or services promised within each contract and determines those that are performance obligations. The Organization then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received at a point in time when the event takes place.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. All support and revenues are considered unrestricted unless stipulated by the donor or grantor.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

In-Kind Contributions and Donated Services

Contributions of gifts in-kind that can be used by the Organization are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the years ended December 31, 2020 and 2019, in-kind materials and services totaled $40,151 and $105,366, respectively. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among program and supporting services are based on management's estimate of services benefited.

Program Services

Program services include community-based mentoring, Latino mentoring, foster care, bigs in blue, mentoring children of prisoners and juvenile justice.

Advertising

The Organization uses advertising to promote its programs, recruit volunteer mentors, and raise awareness about community-based mentoring. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019 was $15,746 and $93,482, respectively.

Income Taxes

The Organization has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. As such, no provision for income taxes is reflected in the financial statements.

The Organization files Form 990, *Return of Organization Exempt from Income Tax,* in the U.S. Federal and state jurisdictions. As of December 31, 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years subsequent to 2017 remain subject to examination by major tax jurisdictions.

The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Subsequent Events

Management has evaluated subsequent events through May 13, 2021, which is the date the financial statements were available to be issued.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upcoming Accounting Standard Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*: a revision of the 2010 ASU, Leases (Topic 840), which once again revises a previous change to lease accounting standards. The FASB will require an entity to classify the right to use a leased asset as an asset and the obligation to make lease payments as a liability. The revised ASU contains other factors in determining the proper recording of related expenses.

The FASB also decided on a dual approach for lessee accounting, with lease classification determined in accordance with the principle in existing lease requirements (that is, determining whether a lease is effectively an installment purchase by the lessee). A lessee therefore would account for most existing capital/finance leases as Type A leases (that is, recognizing amortization of the right-of-use (ROU) asset separately from interest on the lease liability) and most existing operating leases as Type B leases (that is, recognizing a single total lease expense). Both Type A leases and Type B leases result in the lessee recognizing a ROU asset and a lease liability. The new guidance is effective for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organization. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires enhanced disclosures by category of gifts-in-kind. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021.

NOTE B – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist of cash, beneficial interest in assets, and unconditional promises to give. The Organization maintains cash balances in financial institutions in which balances sometimes exceed the federally insured limits.

NOTE C – LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To manage any unanticipated liquidity needs, the Organization holds a three-month operating reserve, but also has the ability to use currently held credit cards. If there is further need, the Organization has the option to obtain a Line of Credit with their current financial institution.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet, comprise the following:

Cash and Cash Equivalents	$ 1,272,904
Current Portion of Unconditional Promises to Give	299,882
	1,572,786
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:	
Promises to Give restricted by donor with both time and purpose restrictions	(60,000)
	$ 1,512,786

NOTE D – UNCONDITIONAL PROMISES TO GIVE

The maturities of unconditional promises to give are as follows at December 31,:

	2020	2019
Receivable in Less than One Year	$ 299,882	$ 247,100

In addition, the Organization has remaining conditional promises to give in the amount of $120,000 and $0 that are not recognized as assets in the statements of financial position for December 31, 2020 and 2019, respectively. These promises represent grant awards which are conditioned upon the Organization obtaining matching funding.

NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- Level 2 - Inputs to the valuation methodology include:
    - Quoted prices for similar assets or liabilities in active markets;
    - Quoted prices for identical or similar assets or liabilities in inactive markets;
    - Inputs other than quoted prices that are observable for the asset or liability;
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Beneficial Interest in Assets Held by Omaha Community Foundation: Valued at the Organization's share of the Foundation's investment pool as of the measurement date.

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 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.

NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020.

	Assets at Fair Value as of December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Beneficial Interest in Assets Held by Omaha Community Foundation	$ -	$ -	$ 14,706	$ 14,706

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019.

	Assets at Fair Value as of December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Beneficial Interest in Assets Held by Omaha Community Foundation	$ -	$ -	$ 13,348	$ 13,348

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended December 31, 2020 and 2019:

	2020	2019
Balance, beginning of year	$ 13,348	$ 11,551
Investment return, net	1,358	1,797
Balance, end of year	$ 14,706	$ 13,348

NOTE F – ENDOWMENTS

The Organization transferred funds to a community foundation and specified itself as the beneficiary of the endowment funds for support of its programs and operations. The Organization granted variance power to the community foundation, which allows the community foundation to have ultimate authority and control over the fund and the income derived therefrom. As required by U.S. GAAP, net assets and the changes therein associated with endowment funds, including fund designations by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

NOTE F – ENDOWMENTS (Continued)

Management interprets the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent any donor-imposed restrictions, interest, dividends, and net appreciation of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Changes in Endowment Net Assets for the years ended December 31 are as follows:

	With Donor Restrictions
Endowment Net Assets, January 1, 2019	$ 11,000
Investment Return and Other Changes	2,348
Appropriated for Expenditure	(2,348)
Endowment Net Assets, December 31, 2019	11,000
Investment Return and Other Changes	3,706
Appropriated for Expenditure	(3,706)
Endowment Net Assets, December 31, 2020	$ 11,000

NOTE F – ENDOWMENTS (Continued)

Return Objectives and Risk Parameters

The Organization has investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. The fund is subject to the community foundation's investment policy.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective of preserving endowment funds, the Organization relies on a total return strategy in which investment returns are achieved primarily through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policies

The Fund is subject to the community foundation's spending policies. Upon request of the Organization, the community foundation shall direct grants from the income of the fund in an amount not to exceed the community foundation board-determined percentage of the fund net assets annually. Distributions in excess of the income of the fund may be made to the Organization in any year as determined by the community foundation Board of Directors.

NOTE G – OPERATING LEASES

The Organization leases some of its office equipment under non-cancelable operating leases that expire at various times in 2022. The leases contain renewal options and require the Organization to pay all executory costs such as taxes, maintenance, and insurance. Rental expense for the leases was $13,121 and $13,142 for the years ended December 31, 2020 and 2019, respectively.

The Organization obtained a lease for office space in October 2007. In 2016, the Organization gained additional space and an amendment was made to the lease agreement. The amendment increased the rent to $7,860 per month effective May 2016. The initial base rent was adjusted annually to reflect the actual Consumer Price Index increase but the adjustment could not exceed 3% of the previous year's base rent. In 2020, the lease was amended once again to bring base payments to $6,000 per month. The lease is set to expire October 31, 2021 but the Organization has the option to extend the lease by two additional six-month increments. Total rent expense for the years ended December 31, 2020 and 2019 was $89,680 and $95,573, respectively.

NOTE G – OPERATING LEASES (Continued)

The future minimum lease payments required under the above operating leases as of December 31, 2020 are as follows:

Years Ending December 31,	Amount
2021	$ 66,829
2022	2,570
Total	$ 69,399

NOTE H – RETIREMENT PLAN

The Organization maintains a Simple IRA pension plan for the benefit of the employees. The Organization makes a contribution to the plan each year equal to 100% of the salary reduction amount for that participant, up to a maximum of 3% of compensation. Contributions totaled $30,577 and $32,746 for the years ended December 31, 2020 and 2019, respectively.

NOTE I – TRANSACTIONS WITH BIG BROTHERS BIG SISTERS OF AMERICA

The Organization receives grant allocations from Big Brothers Big Sisters of America (BBBSA) each year. The Organization received $42,929 and $32,412 in grant allocations for the years ended December 31, 2020 and 2019, respectively. The Organization also pays BBBSA affiliation dues each year. For the years ended December 31, 2020 and 2019, these dues totaled $28,877 and $24,313, respectively.

NOTE J – PAYCHECK PROTECTION PROGRAM (PPP) GRANT REVENUE

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Organization operates. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which they operate and the related impact on consumer confidence and spending, all of which are highly uncertain.

On April 4, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of $332,000 (the “PPP Loan”). The PPP Loan had interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration (SBA).

NOTE J – PAYCHECK PROTECTION PROGRAM (PPP) GRANT REVENUE (Continued)

The principal amount of the PPP Funding was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization accounted for this transfer of assets as a conditional contribution and thus the full amount was recorded as a refundable advance until the conditions surrounding the funding were substantially met. The Organization concluded that conditions regarding qualification, certification, qualifying expenses, and any other SBA PPP program conditions had been met and applied for, and subsequently received, forgiveness in 2020. The Organization recorded the amount as "Paycheck Protection Program Grant Revenue" in the statements of activities and changes in net assets.

NOTE K – SUBSEQUENT EVENT

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021. The Act includes updated guidance for first-draw PPP loans taken out in 2020 and allows for first-draw PPP loan borrowers to apply for a second-draw PPP Loan. Similar to the first-draw PPP Loan, the second-draw PPP Loan is implemented by the SBA with support from the Department of the Treasury. The second-draw PPP Loan provides funds to pay payroll costs, including benefits. Funds can also be used to pay mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. Subsequent to year-end, the Organization applied for and was accepted to participate in the program. On February 24, 2021 the Organization received funding for approximately $287,868.

The loan is a five-year loan with a maturity date of February 24, 2026. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first six monthly payments deferred. The Organization intends to apply for forgiveness of the second-draw PPP loan with respect to the forementioned covered expenses.