Big Brothers Big Sisters
OF METRO ATLANTA

AUDITED
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Big Brothers Big Sisters of Metro Atlanta, Inc. (the "Agency"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Metro Atlanta, Inc. as of December 31, 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.

Jones and Kolb

March 19, 2021

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
ASSETS		
Cash	$ 850,852	$ 324,248
Cash held in escrow	1,225,000	-
Grants and other receivables	2,340	20,509
Promises to give	292,712	905,487
Prepaid expense	3,139	102,439
Investments	229,909	233,831
Property and equipment, net	5,460,334	5,564,428
Total assets	$ 8,064,286	$ 7,150,942
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 301,876	$ 256,155
Earnest money	1,500,000	-
Lines of credit	804,982	605,000
Notes payable	1,437,196	1,533,618
Total liabilities	4,044,054	2,394,773
NET ASSETS		
Without donor restrictions	3,105,270	3,308,281
With donor restrictions	914,962	1,447,888
Total net assets	4,020,232	4,756,169
Total liabilities and net assets	$ 8,064,286	$ 7,150,942

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

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support			
United Way	$ 262,108	$ 150,000	$ 412,108
Grants	137,078	-	137,078
Other public support	482,953	-	482,953
Corporate contributions	692,348	75,000	767,348
Special events	719,807	-	719,807
Less: Costs of direct benefits to donors	(127,516)	-	(127,516)
Total public support	2,166,778	225,000	2,391,778
Revenue			
Other income	543,982	-	543,982
Investment income	18,227	2,851	21,078
Total revenue	562,209	2,851	565,060
Total public support and revenue	2,728,987	227,851	2,956,838
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	760,777	(760,777)	-
EXPENSES			
Program services	2,569,085	-	2,569,085
Support services			
Management and general	449,983	-	449,983
Fundraising	673,707	-	673,707
Total support services	1,123,690	-	1,123,690
Total expenses	3,692,775	-	3,692,775
CHANGE IN NET ASSETS	(203,011)	(532,926)	(735,937)
NET ASSETS			
Beginning of year	3,308,281	1,447,888	4,756,169
NET ASSETS			
End of year	$ 3,105,270	$ 914,962	$ 4,020,232

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support			
United Way	$ 248,501	$ 184,480	$ 432,981
Grants	124,239	-	124,239
Other public support	496,332	23,204	519,536
Corporate contributions	720,283	29,333	749,616
Special events	1,114,801	-	1,114,801
Less: Costs of direct benefits to donors	(300,080)	-	(300,080)
Total public support	2,404,076	237,017	2,641,093
Revenue			
Other income	62,395	-	62,395
Rental income, net	6,890	-	6,890
Investment income	28,889	4,128	33,017
Total revenue	98,174	4,128	102,302
Total public support and revenue	2,502,250	241,145	2,743,395
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	913,278	(913,278)	-
EXPENSES			
Program services	2,944,229	-	2,944,229
Support services			
Management and general	424,758	-	424,758
Fundraising	682,302	-	682,302
Total support services	1,107,060	-	1,107,060
Total expenses	4,051,289	-	4,051,289
CHANGE IN NET ASSETS	(635,761)	(672,133)	(1,307,894)
NET ASSETS			
Beginning of year	3,944,042	2,120,021	6,064,063
NET ASSETS			
End of year	$ 3,308,281	$ 1,447,888	$ 4,756,169

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

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	$ 1,626,439	$ 237,605	$ 488,966	$ 726,571	$ 2,353,010
Fringe benefits	181,023	26,445	54,422	80,867	261,890
Payroll taxes	115,357	16,853	34,681	51,534	166,891
Total compensation and benefits	1,922,819	280,903	578,069	858,972	2,781,791
Depreciation	124,011	16,281	13,153	29,434	153,445
IT expenses	97,904	12,854	10,383	23,237	121,141
Professional fees	65,991	28,051	20,583	48,634	114,625
Interest	87,385	11,473	9,268	20,741	108,126
Miscellaneous	20,001	75,925	6,239	82,164	102,165
Occupancy	74,528	9,785	7,905	17,690	92,218
Insurance	47,079	6,181	4,993	11,174	58,253
Telephone	31,776	4,172	3,370	7,542	39,318
Big Brothers Big Sisters of America	27,305	1,262	8,517	9,779	37,084
Match support activities	26,108	-	-	-	26,108
Equipment rental and maintenance	12,394	1,627	1,315	2,942	15,336
Marketing	9,545	441	2,977	3,418	12,963
Membership dues	4,086	189	1,274	1,463	5,549
Supplies	3,928	182	1,225	1,407	5,335
Dues and subscriptions	3,140	145	979	1,124	4,264
Postage	2,695	125	840	965	3,660
Printing	2,537	117	791	908	3,445
Conferences and meetings	2,098	97	655	752	2,850
Staff development	1,911	88	596	684	2,595
Travel	1,844	85	575	660	2,504
Total expenses	$ 2,569,085	$ 449,983	$ 673,707	$ 1,123,690	$ 3,692,775

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

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

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	$ 1,732,559	$ 266,033	$ 467,699	$ 733,732	$ 2,466,291
Fringe benefits	188,564	28,955	50,902	79,857	268,421
Payroll taxes	124,900	19,179	33,716	52,895	177,795
Total compensation and benefits	2,046,023	314,167	552,317	866,484	2,912,507
Depreciation	114,893	15,084	12,186	27,270	142,163
IT expenses	128,296	16,845	13,607	30,452	158,748
Professional fees	86,173	28,595	23,297	51,892	138,065
Interest	80,035	10,507	8,488	18,995	99,030
Miscellaneous	34,561	1,442	9,344	10,786	45,347
Occupancy	136,344	17,901	14,461	32,362	168,706
Insurance	48,428	6,358	5,137	11,495	59,923
Telephone	50,442	6,623	5,350	11,973	62,415
Big Brothers Big Sisters of America	20,737	865	5,606	6,471	27,208
Match support activities	70,890	-	-	-	70,890
Equipment rental and maintenance	11,793	1,548	1,251	2,799	14,592
Marketing	9,836	410	2,659	3,069	12,905
Membership dues	3,397	142	918	1,060	4,457
Supplies	14,460	603	3,909	4,512	18,972
Dues and subscriptions	2,175	91	588	679	2,854
Postage	4,735	198	1,280	1,478	6,213
Printing	18,719	781	5,061	5,842	24,561
Conferences and meetings	38,301	1,598	10,355	11,953	50,254
Staff development	11,877	496	3,212	3,708	15,585
Travel	11,161	464	3,018	3,482	14,643
Bad debt	953	40	258	298	1,251
Total expenses	$ 2,944,229	$ 424,758	$ 682,302	$ 1,107,060	$ 4,051,289

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

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Public support received	$ 3,049,246	$ 3,447,712
Payroll protection grant	523,477	-
Other income received	10,734	62,395
Rental income received	9,771	38,223
Interest and dividends received	5,843	5,058
Payments for compensation and benefits	(2,840,622)	(2,906,215)
Payments for professional fees	(114,625)	(138,065)
Payments for occupancy	(96,041)	(176,326)
Payments for interest	(108,126)	(105,554)
Payments for IT expenses	(121,141)	(158,747)
Payments for other expenses	(221,772)	(430,712)
Net cash provided by (used in) operating activities	96,744	(362,231)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchases of investments	(35,288)	(5,058)
Proceeds from sales of investments	54,445	2,737
Proceeds from escrow on sale of building	275,000	-
Payments for purchases of property and equipment	(49,351)	(16,341)
Net cash provided by (used in) investing activities	244,806	(18,662)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions received	-	10,615
Net proceeds from lines of credit	199,982	285,000
Payments on notes payable	(96,422)	(53,183)
Proceeds from FICA deferral	81,494	-
Net cash provided by financing activities	185,054	242,432
NET INCREASE (DECREASE) IN CASH	526,604	(138,461)
CASH, Beginning of year	324,248	462,709
CASH, End of year	$ 850,852	$ 324,248

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

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

B. The financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

C. In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2018-08, Not-for-Profit Entities (Topic 958) clarifying the accounting guidance for contributions received and contributions made to further improve the scope and the accounting guidance for revenue recognition; to assist entities distinguishing between contributions and exchange transactions; and to determine whether a contribution is conditional. During the year ended December 31, 2020, the Agency adopted this standard which did not have a material impact on the accompanying financial statements.

The Agency adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Agency's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Agency recognizes revenue and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

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

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

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

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from program restrictions." The Agency's policy is to record contributions received with restrictions and expended in the same period as contributions without donor restrictions.

E. Contributions are recognized as revenue when the donor makes a promise to give to the Agency that is, in substance, unconditional. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges 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 risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contributions in the accompanying Statements of Activities and Net Assets. An allowance is made for uncollectible promises to give based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

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 are substantially met.

The Agency records non-cash contributions at their estimated fair market value at the date of the contribution. The Agency records contributed services as contribution revenue and as an expense if the services create or enhance a nonfinancial asset, or the services would (1) need to be purchased by the Agency if not provided by contribution, (2) require specialized skills, and (3) are provided by individuals with those skills. Contributed goods and services recorded for the years ended December 31, 2020 and 2019 were approximately $33,900 and $26,600, respectively.

The Agency records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Government fees and grants received by the Agency in the form of cost-reimbursable grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts that have been earned but not received are included in grants and other receivables on the Statements of Financial Position. Amounts received in advance are recorded as deferred revenue and recognized in the period in which allowable expenses are incurred.

The Agency recognizes revenues from fundraising events in the period the event occurs. Amounts received prior to the event are reported as deferred revenue on the Statement of Financial Position.

F. The Agency maintains cash balances with a bank and a brokerage firm. Occasionally, the Agency's cash balances may be in excess of the federally insured limits. However, given the strength of the financial institution, management believes such excess deposits do not create significant loss exposure.

G. Investments include equities, fixed income instruments and money market accounts that are carried at fair value. Unrealized gains and losses are included with investment income on the Statements of Activities and Net Assets. Interest, dividends and gains and losses on investments are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or by law.

H. Purchased property and equipment with values greater than or equal to $500 are stated at historical cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets range from three to thirty-nine years. Depreciation expense was $153,445 and $142,163 for the years ended December 31, 2020 and 2019, respectively.

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

J. The Agency presents an unclassified Statement of Financial Position with additional qualitative information about the availability of resources and liquidity in Note 2.

K. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

M. Subsequent events have been evaluated by management through March 19, 2021, the date these financial statements were available to be issued.

2. LIQUIDITY

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, comprise the following:

	2020	2019
Cash	$ 850,852	$ 324,248
Grants and other receivables	2,340	20,509
Promises to give	292,712	905,487
Total financial assets available for general expenditure	$ 1,145,904	$ 1,250,244

As discussed in Note 10, the Agency has a board-designated endowment which may be drawn upon in the event of an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets or settling financial liabilities. Additionally, as more fully described in Note 6, the Organization has committed lines of credit in the amount of $1,000,000, which it could draw upon the available balance in the event of an unanticipated liquidity need. Finally, as described in Note 15, the Agency has an agreement to sell its building and land within the next year.

3. PROMISES TO GIVE

Unconditional promises to give are expected to be received in less than one year and were $292,712 and $905,487 at December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, management believes all promises to give are fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are based on significant unobservable inputs. At December

31, 2020 and 2019, the only assets that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments. Such investments are classified within Level 1 of the valuation hierarchy.

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

	2020	2019
Equities	$ 140,807	$ 147,672
Fixed income instruments	75,965	74,149
Money market	13,137	12,010
Total investments	$ 229,909	$ 233,831

The following schedule summarizes investment income for the years ended December 31:

	2020	2019
Net realized and unrealized gain	$ 15,235	$ 27,959
Interest and dividend income, net	5,843	5,058
Total investment income	$ 21,078	$ 33,017

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2020	2019
Land - see Note 15	$ 2,108,884	$ 2,108,884
Building - see Note 15	4,170,271	4,170,271
Equipment and computer software	233,964	243,539
Furniture and fixtures	307,795	307,795
Leasehold improvements	45,069	-
Total	6,865,983	6,830,489
Less accumulated depreciation	(1,405,649)	(1,266,061)
Total property and equipment, net	$ 5,460,334	$ 5,564,428

6. LINES OF CREDIT

The Agency had a line of credit with a maximum borrowing limit of $250,000 and an extended maturity date of January 20, 2019, secured by the land and building. The line bears interest at the prime rate plus one percentage point, subject to a floor of 3.00%. This line of credit agreement was modified to increase the maximum borrowing limit to $500,000 and extend the maturity date to June 16, 2021. At December 31, 2020 and 2019, the outstanding balance on this line of credit was $500,000, respectively. The effective interest rate was 5.25% and 5.75% at December 31, 2020 and 2019, respectively.

During the year ended December 31, 2019, the Agency obtained an additional unsecured line of credit of $200,000 and an extended maturity date of March 20, 2020. The line bears interest at the prime rate plus one percentage point. This line of credit agreement was modified to increase the maximum borrowing limit to $500,000 and extend the maturity date to April 8, 2021. At December 31, 2020 and 2019, the outstanding balance on this line of credit was $304,982 and $105,000, respectively. The effective interest rate was 5.25% and 5.75% at December 31, 2020 and 2019, respectively.

7. NOTES PAYABLE

The Agency has a $1,634,000 note secured by the land and building. The note bears interest at a rate of 4.85% and matures on December 20, 2021. Interest and principal payments of $10,709 are due monthly. The outstanding principal and accrued interest are due in full upon maturity. At December 31, 2020 and 2019, the outstanding principal balance was $1,421,873 and $1,478,636, respectively.

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

8. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, the Agency applied for and received loan proceeds of $538,800 under the Paycheck Protection Program ("PPP") as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The Agency is eligible for loan forgiveness up to 100% of the loan and accrued interest, upon meeting certain requirements. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1.00%, with deferral of payments for the first ten months. In accordance with generally accepted accounting principles, the Agency has chosen to recognize the proceeds for the amount estimated to be forgiven as revenue. As of December 31, 2020, the Agency applied for loan forgiveness totaling $523,477 of the initial loan amount. The remaining $15,323 has been recorded as a payable at the year ended December 31, 2020.

9. NET ASSETS

At December 31, 2020, net assets with donor restrictions consisted of the following:

Restriction	December 31, 2019	Contributions/ Investment Return	Releases	December 31, 2020
Passage of time	$ 1,383,813	$ 225,000	$ (733,813)	$ 875,000
Purpose	26,964	-	(26,964)	-
Spending policy and appropriation of expenditure	12,111	2,851	-	14,962
Donor restrictions stipulating resources be maintained in perpetuity	25,000	-	-	25,000
Total	$ 1,447,888	$ 227,851	$ (760,777)	$ 914,962

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

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

10. ENDOWMENT

The Agency's endowment consists of a quasi-endowment, board-designated fund established for a variety of purposes and one donor-restricted endowment fund. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity for a donor-specified period as well as board-designated funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

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

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

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

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

The composition of and changes in endowment funds at December 31, 2020 consisted of the following:

	Board Designated	Investment Earnings	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 196,720	$ 12,111	$ 25,000	$ 233,831
Investment return:				
Investment income, net	482	12	-	494
Net realized and unrealized gain	17,745	2,839	-	20,584
Total investment return	18,227	2,851	-	21,078
Appropriation for unrestricted use	(25,000)	-	-	(25,000)
Endowment net assets, end of year	$ 189,947	$ 14,962	$ 25,000	$ 229,909

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

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

11. LEASE

During the year ended December 31, 2018, the Agency leased a portion of its building space to a tenant under a noncancelable operating lease with a 37-month term expiring in 2021. On August 23, 2019, the Agency entered into a termination agreement with the tenant for the leased space. Per the agreement, the lease was terminated on March 28, 2020 at which time the Agency paid the tenant $75,000 for canceling the lease prior to the lease's original expiration date. During the years ended December 31, 2020 and 2019, rental income from the lease totaled $9,771 and $38,223, respectively.

12. RETIREMENT PLAN

The Agency has established a defined contribution plan for the benefit of its employees for which the Agency matches 100% of the first 3% and 50% of the next 3% of each employee's contributions to the Plan. For the years ended December 31, 2020 and 2019, the Agency made contributions to the Plan totaling $56,391 and $52,235, respectively.

13. RELATED PARTY

During the years ended December 31, 2020 and 2019, the Agency received passthrough grants totaling $298,766 and $261,014, respectively, from Big Brothers Big Sisters of America.

14. CONCENTRATIONS

For the years ended December 31, 2020 and 2019, approximately 51% and 87% of the Agency's promises to give, net was derived from one donor.

15. SALE OF BUILDING

In January 2020, the Agency entered into a purchase and sale agreement to sell its building and land to an unrelated buyer. As part of the original agreement and amendments, the buyer must deposit earnest money into a non-interest bearing escrow account held by a third-party agent at the time designated. During the year ended December 31, 2020, the buyer deposited a total of $1,500,000 into the escrow account. Of this amount, $275,000 was released to the Agency in accordance with the terms of the agreement. All funds, whether held in escrow or released to the Agency, are to be applied to the purchase price and are non-refundable with all respects other than as set forth in the agreement. Per the latest amendment, the closing date shall occur on or before April 15, 2021.

At December 31, 2020, cash in escrow totaling $1,225,000 and earnest money totaling $1,500,000 are recorded as an asset and liability, respectively, on the accompanying Statements of Financial Position.

16. CONTINGENCIES

On December 28, 2020, the Agency signed a 120-month lease agreement for new office space contingent on the sale of the current office building. See Note 15. Per the agreement, annual base rental payments over the 10-year term will total $2,454,928 and the Agency will receive rent concessions totaling $168,524 over the first 14 months. The Agency is expected to occupy the new office space in July 2021 and has incurred improvement costs of $45,069 in preparation for its occupancy. Per the contingency clause, the Agency shall have the right to terminate the lease if the sale of the building does not occur on or before April 15, 2021 with notice to terminate due by April 21, 2021. However, any costs paid by the Agency to ready the space for occupancy will not be reimbursed.

17. CORONAVIRUS PANDEMIC

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic, with the outbreak widespread in the U.S. Therefore, the Agency had to cancel or postpone special events which caused disruptions in their ability to fundraise for program services. Future potential impacts to the Agency may include continued disruptions or restrictions on the Agency's employees' ability to work. No adjustments have been made to these financial statements as a result of this uncertainty.

18. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2020, the Agency applied for and received a second round PPP loan of $526,292. The new loan has the same criteria for forgiveness and repayment as the first PPP loan (see Note 8). The Agency has not yet applied for forgiveness of the second PPP loan.