

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

(With Summarized Totals for the Year Ended June 30, 2014)

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

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Independent Auditor's Report

Board of Directors
Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. which comprise the balance sheet as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year 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 representation 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization'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 and Big Sisters of Metropolitan Milwaukee, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ritz Holman LLP
Serving businesses, nonprofits, individuals and trusts.

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Board of Directors
Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.

Report on Summarized Comparative Information

We have previously audited Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Ritz Holman CPA".

RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
November 19, 2015

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
BALANCE SHEET
JUNE 30, 2015
(With Summarized Totals for June 30, 2014)

ASSETS		2015	2014
CURRENT ASSETS			
Cash and Cash Equivalents	\$	778,333	\$ 605,227
Grants Receivable		38,755	34,834
Current Pledges Receivable		194,510	174,780
Allowance for Uncollectible Accounts		(6,000)	(6,000)
Prepaid Expenses and Supplies on Hand		86,370	44,380
Total Current Assets		\$ 1,091,968	\$ 853,221
FIXED ASSETS			
Furniture and Fixtures	\$	3,009	\$ 3,009
Equipment		47,182	47,182
Leased Capital Equipment		9,670	---
Leasehold Improvements		48,238	48,238
Total Fixed Assets		\$ 108,099	\$ 98,429
Less: Accumulated Depreciation		(85,024)	(78,415)
Net Fixed Assets		\$ 23,075	\$ 20,014
LONG-TERM ASSETS			
Long-Term Pledges Receivable	\$	120,000	\$ ---
Total Long-Term Assets		\$ 120,000	\$ ---
TOTAL ASSETS		\$ 1,235,043	\$ 873,235
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$	17,312	\$ 25,536
Accrued Payroll Liabilities		74,492	70,063
Deferred Revenue		54,621	---
Current Portion of Capital Lease Obligations		1,934	---
Total Current Liabilities		\$ 148,359	\$ 95,599
LONG-TERM LIABILITIES			
Capital Lease Obligations	\$	9,186	\$ ---
Less: Current Portion		(1,934)	---
Total Long-Term Liabilities		\$ 7,252	\$ ---
Total Liabilities		\$ 155,611	\$ 95,599
NET ASSETS			
Unrestricted	\$	497,787	\$ 454,303
Temporarily Restricted		581,645	323,333
Total Net Assets		\$ 1,079,432	\$ 777,636
TOTAL LIABILITIES AND NET ASSETS		\$ 1,235,043	\$ 873,235

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(With Summarized Totals for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
REVENUE				
Contributions and Grants	\$ 922,579	\$ 381,347	\$ 1,303,926	\$ 1,053,492
United Way	208,396	---	208,396	208,396
Community Advocates, Inc.	155,004	---	155,004	155,000
Special Events Revenue	459,221	195,200	654,421	606,882
Special Events Expense	(108,152)	---	(108,152)	(116,411)
Investment Income	442	---	442	337
Donated Goods and Services	329,803	---	329,803	175,816
Net Assets Released From Restrictions	318,235	(318,235)	---	---
Total Revenue	<u>\$ 2,285,528</u>	<u>\$ 258,312</u>	<u>\$ 2,543,840</u>	<u>\$ 2,083,512</u>
EXPENSES				
Program Services	\$ 1,669,533	\$ ---	\$ 1,669,533	\$ 1,506,313
Management and General	186,313	---	186,313	127,497
Marketing and Development	386,198	---	386,198	354,506
Total Expenses	<u>\$ 2,242,044</u>	<u>\$ ---</u>	<u>\$ 2,242,044</u>	<u>\$ 1,988,316</u>
CHANGE IN NET ASSETS	\$ 43,484	\$ 258,312	\$ 301,796	\$ 95,196
Net Assets, Beginning of Year	<u>454,303</u>	<u>323,333</u>	<u>777,636</u>	<u>682,440</u>
NET ASSETS, END OF YEAR	<u>\$ 497,787</u>	<u>\$ 581,645</u>	<u>\$ 1,079,432</u>	<u>\$ 777,636</u>

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(With Summarized Totals for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 301,796	\$ 95,196
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	6,609	6,023
(Increase) Decrease in Grants Receivable	(3,921)	3,917
(Increase) Decrease in Pledges Receivable	(139,730)	31,845
(Increase) Decrease in Prepaid Expenses and Supplies on Hand	(41,990)	(4,296)
Increase (Decrease) in Accounts Payable	(8,224)	2,218
Increase (Decrease) in Accrued Payroll Liabilities	4,429	3,550
Increase (Decrease) in Deferred Revenue	54,621	---
	<u>\$ 173,590</u>	<u>\$ 138,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ ---	\$ (1,117)
	<u>\$ ---</u>	<u>\$ (1,117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	\$ (484)	\$ ---
	<u>\$ (484)</u>	<u>\$ ---</u>
Net Increase in Cash and Cash Equivalents	\$ 173,106	\$ 137,336
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>605,227</u>	<u>467,891</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 778,333</u>	<u>\$ 605,227</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash Investing and Financing Activities		
Fixed Assets Acquired Under Capital Lease	\$ 9,670	\$ ---
Donated Stock Included in Operating Activities	50,020	---

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(With Summarized Totals for the Year Ended June 30, 2014)

	Program Services	Management and General	Marketing and Development	2015 Total	2014 Total
Salaries	\$ 857,725	\$ 109,475	\$ 248,632	\$ 1,215,832	\$ 1,139,086
Employee Benefits	119,776	6,020	23,617	149,413	138,939
Retirement Expense	21,712	2,601	4,040	28,353	25,826
Payroll Taxes	76,108	8,568	20,324	105,000	108,955
Travel Expense	13,640	1,265	1,327	16,232	17,471
Telephone	12,542	614	2,143	15,299	14,315
Supplies	34,328	3,301	2,013	39,642	31,531
Postage and Shipping	3,651	1,074	4,521	9,246	7,183
Printing	4,157	587	7,131	11,875	11,137
Organizational Dues	11,672	1,679	2,541	15,892	15,841
Occupancy	110,157	7,941	24,348	142,446	141,787
Insurance	29,484	6,021	6,402	41,907	42,366
Marketing	---	---	---	---	10,173
Equipment Maintenance and Rental	6,808	653	1,447	8,908	11,986
Information Technology	12,469	839	11,477	24,785	27,176
Depreciation	5,167	342	1,100	6,609	6,023
Professional Fees	37,865	21,781	2,556	62,202	41,586
Conferences, Meetings and Staff Development	3,003	2,658	969	6,630	6,697
Volunteer Events and Cultivation	3,706	---	---	3,706	5,073
In-Kind Expense	305,563	2,630	21,610	329,803	175,816
Bad Debt Expense	---	575	---	575	2,498
Other Expenses	---	---	---	---	102
Bank Fees	---	7,689	---	7,689	6,749
Totals	<u>\$ 1,669,533</u>	<u>\$ 186,313</u>	<u>\$ 386,198</u>	<u>\$ 2,242,044</u>	<u>\$ 1,988,316</u>

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - Summary of Significant Accounting Policies

Organization

The mission of Big Brothers Big Sisters of Metropolitan Milwaukee, Inc. (the "Organization") is to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. The Organization is an affiliate of Big Brothers Big Sisters of America. Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. is one of the 30 largest Big Brothers and Big Sisters organizations out of 400 in the country.

Accounting Method

The financial statements of Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc. have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less at purchase.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalized all assets with values of \$1,000 or greater.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Estimates

The preparation of financial statements in conformity with 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE B - Comparative Financial Information and Reclassifications

The financial information shown for 2014 in the accompanying financial statements is included to provide a basis for comparison with 2015. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

For comparability, certain 2014 amounts have been reclassified to conform with classifications adopted in 2015. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

NOTE C - Concentration of Credit Risk

The Organization maintains its cash balances at a financial institution located in Wisconsin. The combined account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2015, the Organization's uninsured cash balances totaled \$530,900.

NOTE D - Grants Receivable

Grants Receivable consists of the following amounts at June 30, 2015:

<u>Source</u>	<u>Amount</u>
Community Advocates, Inc.	<u>\$38,755</u>
Total	<u>\$38,755</u>

NOTE E - Pledges Receivable

Pledges Receivable consists of unconditional individual, foundation and United Way pledges to be collected in future periods.

Future pledges are expected to be collected as follows:

<u>During the Year Ending June 30,</u>	<u>Amount</u>
2016	\$194,510
2017	85,000
2018	<u>35,000</u>
Gross Pledges Receivable	\$314,510
Less: Allowance for Uncollectible	<u>(6,000)</u>
Net Pledges Receivable	<u>\$308,510</u>

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE F - Line of Credit

The Organization has available a \$250,000 line of credit maturing on January 10, 2017. The interest rate on the line of credit is determined to be 2.25 percentage points over the British Bankers Association LIBOR independent index. The line of credit is secured by all personal and real property. The line of credit was not being used as of as of June 30, 2015.

NOTE G - Future Liabilities

The Organization has a hotel contract extending into the next fiscal year related to its annual gala. The cost to the Organization if they cancel their contract would be \$7,500 at June 30, 2015, including a \$1,500 deposit included in prepaid expenses at June 30, 2015.

The Organization also has a venue contract extending into the next fiscal year related to its annual golf outing. The cost to the Organization if they cancel their contract would be a loss of a \$2,000 deposit included in prepaid expenses at June 30, 2015.

NOTE H - Office Lease

The Organization leases office space located in Milwaukee, Wisconsin, under a lease that extends through May 31, 2020. In addition, the Organization paid \$150 per month for storage space. Total rent expense for the year ended June 30, 2015 was \$100,966.

Minimum future rental payments under this non-cancelable operating lease are:

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2016	\$101,645
2017	104,186
2018	106,791
2019	109,461
2020	<u>102,634</u>
Total	<u>\$524,717</u>

NOTE I - Capital Lease

The Organization has a capital lease for a copy machine extending until March 2020. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease and, accordingly, it is recorded in the Organization's assets and liabilities. The asset is included under Fixed Assets and is being depreciated over the lease term and useful life of the asset of five years. Depreciation expense on the leased asset for the year ended June 30, 2015 was \$806. Accumulated depreciation on the leased asset as of June 30, 2015 was \$806.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE I - Capital Lease (continued)

Future payments of principal are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	\$ 1,934
2017	1,934
2018	1,934
2019	1,934
2020	<u>1,450</u>
Total	<u>\$ 9,186</u>

NOTE J - Operating Lease

In April 2011, the Organization entered into a five-year lease for a phone system with an estimated life of seven years. The lease requires a monthly minimum payment of \$702 through April 11, 2016. Lease payments on the phone system were \$8,424 during the year ended June 30, 2015.

Minimum future rental payments under this non-cancelable operating lease are:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2016	<u>\$7,020</u>
Total	<u>\$7,020</u>

NOTE K - Retirement Plan

The Organization has established a Simplified Employee Pension plan. Employees who have performed services for the Organization during at least two of the immediately preceding plan years and who are age 21 are eligible to participate. The Organization contributed 4% of employees' compensation. Retirement expense for the year ended June 30, 2015 was \$28,353.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE L - Temporarily Restricted Net Assets

Temporarily Restricted Net Assets consist of the following at June 30, 2015:

<u>Source</u>	<u>Amount</u>
Time-Restricted:	
Pledges - 2016 Operations	\$ 49,755
Donations - 2016 Operations	<u>67,592</u>
Subtotal	<u>\$117,347</u>
Purpose-Restricted:	
Golf Event - 2016	\$ 87,300
Gala - 2016	5,000
Scholarship Fund	<u>5,098</u>
Subtotal	<u>\$ 97,398</u>
Time- and Purpose-Restricted:	
Mentor 2.0 - 2016	\$109,000
Mentor 2.0 Pledges - 2016	25,000
Mentor 2.0 Pledges - 2017	50,000
Mentor 2.0 Pledges - 2018	50,000
Foundation Pledges - 2016	10,000
Foundation Pledges - 2017	10,000
Foundation Pledges - 2018	10,000
Gala Pledges - 2016	25,000
Golf Event Pledges - 2016	27,900
Golf Event Pledges - 2017	25,000
Golf Event Pledges - 2018	<u>25,000</u>
Subtotal	<u>\$366,900</u>
Total	<u>\$581,645</u>

NOTE M - Net Assets Released From Restrictions

During the year ended June 30, 2015, net assets released from restrictions consist of the following:

<u>Source</u>	<u>Amount</u>
Individual Pledges	\$ 77,385
Golf Event	119,850
Gala	45,000
Mentor 2.0	75,000
Stein Scholarship	<u>1,000</u>
Total	<u>\$318,235</u>

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE N - Donated Goods and Services and Deferred Revenue

The Organization received donated goods and services during the year ended June 30, 2015 valued at \$384,424.

Donated Goods and Services included in the accompanying financial statements consist of the following for the year ended June 30, 2015:

<u>Source</u>	<u>Amount</u>
Rent	\$ 50,887
Program Tickets & Supplies	233,381
Program Services	535
Program Startup Costs	<u>45,000</u>
Total	<u>\$329,803</u>

The Organization received donated goods before June 30, 2015 for an event occurring in August 2015 in the amount of \$54,621. This amount was recorded as Deferred Revenue and Prepaid Expense and Supplies on Hand for the year ended June 30, 2015.

NOTE O - Board Donations

During the year ended June 30, 2015, board members and their affiliated companies and foundations donated \$806,147.

NOTE P - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2015, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year. The Organization is currently not under audit by any federal or state taxing authority and is no longer subject to tax examinations by the U.S. federal jurisdiction for years prior to 2011 and the state jurisdiction for years prior to 2010.

NOTE Q - Subsequent Events

The Organization evaluated subsequent events and transactions for possible adjustments to the financial statements and disclosures. The Organization has considered events and transactions occurring after June 30, 2015, the date of the most recent balance sheet, through November 19, 2015, the date the financial statements are available to be issued. It has been determined that no subsequent events need to be disclosed.