

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

(With Summarized Totals for the Year Ended June 30, 2017)

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Balance Sheet	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7 - 16

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, 2018, 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 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 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, 2018, 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.

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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 June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.


RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
November 15, 2018

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
BALANCE SHEET
June 30, 2018
(With Summarized Totals for June 30, 2017)

ASSETS		2018	2017
CURRENT ASSETS			
Cash and Cash Equivalents		\$ 1,273,199	\$ 1,224,901
Grants Receivable		39,272	81,436
Current Pledges Receivable		229,754	296,129
Prepaid Expenses and Supplies on Hand		34,905	30,334
Total Current Assets		<u>\$ 1,577,130</u>	<u>\$ 1,632,800</u>
FIXED ASSETS			
Furniture and Fixtures		\$ 3,009	\$ 3,009
Equipment		49,727	49,727
Leased Capital Equipment		9,670	9,670
Leasehold Improvements		48,238	48,238
Total Fixed Assets		<u>\$ 110,644</u>	<u>\$ 110,644</u>
Less: Accumulated Depreciation		(105,407)	(100,299)
Net Fixed Assets		<u>\$ 5,237</u>	<u>\$ 10,345</u>
Other Assets			
Long Term Pledges Receivable		\$ 90,000	\$ 56,666
Endowment Fund		198,930	---
Total Other Assets		<u>\$ 288,930</u>	<u>\$ 56,666</u>
TOTAL ASSETS		<u><u>\$ 1,871,297</u></u>	<u><u>\$ 1,699,811</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable		\$ 18,029	\$ 28,619
Accrued Payroll Liabilities		80,874	77,890
Current Portion of Capital Lease Obligations		1,935	1,934
Total Current Liabilities		<u>\$ 100,838</u>	<u>\$ 108,443</u>
LONG-TERM LIABILITIES			
Capital Lease Obligations		\$ 3,384	\$ 5,318
Less: Current Portion		(1,935)	(1,934)
Total Long-Term Liabilities		<u>\$ 1,449</u>	<u>\$ 3,384</u>
Total Liabilities		<u>\$ 102,287</u>	<u>\$ 111,827</u>
NET ASSETS			
Unrestricted			
Undesignated		\$ 909,789	\$ 864,069
Board Designated		198,930	---
		<u>\$ 1,108,719</u>	<u>\$ 864,069</u>
Temporarily Restricted		660,291	723,915
Total Net Assets		<u>\$ 1,769,010</u>	<u>\$ 1,587,984</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 1,871,297</u></u>	<u><u>\$ 1,699,811</u></u>

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, 2018
(With Summarized Totals for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
REVENUE				
Contributions and Grants	\$ 918,882	\$ 333,362	\$ 1,252,244	\$ 1,159,163
United Way	196,050	---	196,050	196,487
Big Brothers Big Sisters of America	105,612	---	105,612	159,344
Community Advocates, Inc.	145,000	---	145,000	145,000
Special Events Revenue	439,541	276,220	715,761	808,912
Special Events Expense	(172,961)	---	(172,961)	(148,695)
Interest Income	1,119	---	1,119	865
Loss on Investments	(1,070)	---	(1,070)	---
Waukesha County				
Community Development Block Grant	8,330	---	8,330	9,065
Donated Goods and Services	323,565	2,945	326,510	285,786
Net Assets Released from Restrictions	676,151	(676,151)	---	---
Total Revenue	\$ 2,640,219	\$ (63,624)	\$ 2,576,595	\$ 2,615,927
EXPENSES				
Program Services	\$ 1,763,977	\$ ---	\$ 1,763,977	\$ 1,691,594
Management and General	250,759	---	250,759	276,187
Marketing and Development	380,833	---	380,833	400,345
Total Expenses	\$ 2,395,569	\$ ---	\$ 2,395,569	\$ 2,368,126
CHANGE IN NET ASSETS	\$ 244,650	\$ (63,624)	\$ 181,026	\$ 247,801
Net Assets, Beginning of Year	864,069	723,915	1,587,984	1,340,183
NET ASSETS, END OF YEAR	\$ 1,108,719	\$ 660,291	\$ 1,769,010	\$ 1,587,984

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, 2018
(With Summarized Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 181,026	\$ 247,801
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	5,108	7,621
Loss on Investments	1,070	---
(Increase) Decrease in Grants Receivable	42,164	83,597
(Increase) Decrease in Pledges Receivable	33,041	(41,336)
(Increase) Decrease in Prepaid Expenses and Supplies on Hand	(4,571)	(3,016)
Increase (Decrease) in Accounts Payable	(10,590)	909
Increase (Decrease) in Accrued Payroll Liabilities	2,984	(2,051)
	<u>\$ 250,232</u>	<u>\$ 293,525</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer to Endowment Fund	\$ (200,000)	\$ ---
Purchase of Fixed Assets	---	(2,545)
	<u>\$ (200,000)</u>	<u>\$ (2,545)</u>
Net Cash Used by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	\$ (1,934)	\$ (1,934)
	<u>\$ (1,934)</u>	<u>\$ (1,934)</u>
Net Cash Used by Financing Activities		
Net Increase in Cash and Cash Equivalents	\$ 48,298	\$ 289,046
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,224,901</u>	<u>935,855</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,273,199</u>	<u>\$ 1,224,901</u>

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, 2018
(With Summarized Totals for the Year Ended June 30, 2017)

	Program Services	Management and General	Marketing and Development	2018 Total	2017 Total
Salaries	\$ 916,927	\$ 153,494	\$ 266,190	\$ 1,336,611	\$ 1,344,308
Employee Benefits	130,608	12,725	25,838	169,171	159,653
Retirement Expense	21,283	6,001	4,641	31,925	42,875
Payroll Taxes	69,419	11,372	19,700	100,491	100,930
Travel Expense	14,200	739	1,213	16,152	16,304
Telephone	9,954	1,066	1,807	12,827	15,772
Supplies	60,801	6,039	2,634	69,474	63,620
Postage and Shipping	2,893	363	4,114	7,370	6,824
Printing	547	277	4,028	4,852	9,386
Organizational Dues	1,310	654	723	2,687	3,332
National Organizational Dues	10,880	1,284	2,423	14,587	14,816
Occupancy	127,295	14,538	26,989	168,822	163,098
Insurance	28,632	10,434	5,566	44,632	43,427
Marketing and Recruitment	3,705	---	---	3,705	567
Equipment Maintenance and Rental	4,932	1,221	960	7,113	6,394
Information Technology	15,962	2,154	10,136	28,252	30,699
Depreciation	3,871	408	829	5,108	7,621
Professional Fees	53,149	17,374	1,894	72,417	84,937
Conferences, Meetings and Staff Development	3,452	5,332	86	8,870	9,310
Volunteer Events and Cultivation	4,343	---	---	4,343	5,001
Program Activities	277,374	326	---	277,700	233,196
Unrelated Business Income Tax	2,440	409	709	3,558	---
Bank Fees	---	4,549	353	4,902	6,056
TOTALS	\$ 1,763,977	\$ 250,759	\$ 380,833	\$ 2,395,569	\$ 2,368,126

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

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 300 in the country.

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.

Accounting Method

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

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.

Cash and Cash Equivalents

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

Pledges Receivable

Pledges receivable are recorded when the Organization receives an unconditional promise to give or when the condition is met of a conditional promise to give.

Allowance for Doubtful Accounts

Pledges receivables are stated net of an allowance for doubtful accounts. The Organization estimated an estimate using historical experience of the relationship between actual bad debts and net amounts pledged.

Prepaid Expenses and Supplies on Hand

Prepaid expenses are future expenses paid in advance and are reported on the balance sheet as an asset. Supplies received or purchased that are expected to be used at a future date are reported on the balance sheet as an asset.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A - Summary of Significant Accounting Policies (continued)

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.

Marketing and Recruitment

The Organization uses marketing and recruitment to promote its programs and recruit individuals among the audiences it serves. Marketing and recruitment costs are expensed as incurred. Marketing and recruitment expense for the year ended June 30, 2018, was \$3,705.

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.

NOTE B - Comparative Financial Information and Reclassifications

The financial information shown for 2017 in the accompanying financial statements is included to provide a basis for comparison with 2018. 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, 2017, from which the summarized information was derived.

For comparability, certain 2017 amounts have been reclassified to conform with classifications adopted in 2018. 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, 2018, the Organization's uninsured cash balances totaled \$1,031,459.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE D - Grants Receivable

Grants receivable consist of the following amounts at June 30, 2018:

<u>Source</u>	<u>Amount</u>
Community Advocates, Inc.	\$24,270
Waukesha County	
Community Development Block Grant	3,894
Big Brothers Big Sisters of America	<u>11,108</u>
Total	<u>\$39,272</u>

NOTE E - Pledges Receivable

Pledges receivable consist 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>
2019	\$235,754
2020	45,000
2021	<u>45,000</u>
Gross Pledges Receivable	<u>\$325,754</u>

<u>Balances consist of the following as of June 30, 2018,</u>	<u>Amount</u>
Gross Pledges Receivable	\$325,754
Less: Allowance for Doubtful Accounts	<u>(6,000)</u>
Pledges Receivable	<u>\$319,754</u>

NOTE F - Line of Credit

The Organization has a variable rate revolving line of credit with an available balance of \$250,000. The lender has the right to cancel the line of credit as it relates to future advances at any time without notice and to demand payment upon 90 days advance notice to the Organization. The interest rate on the line of credit is determined to be 6.27% based on 1.270 points over the highest Prime Rate as published daily in the "Money Rates" section of the Wall Street Journal adjusted each day and will become effective without notice to the Organization. The line of credit is secured by all personal and real property. The line of credit was not being used as of June 30, 2018.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 the contract was cancelled is \$7,500 at June 30, 2018, including a \$1,500 deposit included in prepaid expenses at June 30, 2018.

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, 2018, was \$108,591.

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

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2019	\$109,461
2020	<u>102,634</u>
Total	<u>\$212,095</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, 2018, was \$1,934. Accumulated depreciation on the leased asset as of June 30, 2018, was \$6,607.

Future payments of principal are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2019	\$1,935
2020	<u>1,449</u>
Total	<u>\$3,384</u>

NOTE J - 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, 2018, was \$31,925.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE K - Fair Value Measurements

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018.

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Greater Milwaukee Foundation Investments	\$198,930	\$ ---	\$ ---	\$198,930
Total	<u>\$198,930</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$198,930</u>

Greater Milwaukee Foundation investments include equity securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by the Greater Milwaukee Foundation which reports on a calendar year.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>	
	<u>GMF Investments</u>	<u>Total</u>
Beginning Balance, July 1, 2017	\$ ---	\$ ---
Contributions	200,000	200,000
Loss on Investments	<u>(1,070)</u>	<u>(1,070)</u>
Ending Balance, June 30, 2018	<u>\$198,930</u>	<u>\$198,930</u>

The amount of unrealized losses for the year ended June 30, 2018, included in unrestricted net assets relating to assets still held at the reporting date was a loss of \$1,070.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE L - Endowment Fund - Greater Milwaukee Foundation

The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization's interpretation of UPMIFA is that the corpus value of an endowment is classified as permanently restricted net assets when a donor restricts their gift in perpetuity. The permanent restriction is not reduced by losses on the investment fund, except to the extent required by the donor. Likewise, the amount of permanently restricted net assets is not reduced by the Organization's appropriations from the fund. The portion of the fund that is not classified as permanently restricted net assets is reported as temporarily restricted net assets until appropriated for expenditure by the Organization's board of directors. Donor gifts for the endowment that are intended by the Organization to be invested in perpetuity, but for which the donor has granted the board the right to vote and otherwise use the gift, are considered to be board designated endowment funds.

The Organization's endowment gifts are invested in an agency endowment component fund, known as the *Big Brothers Big Sisters of Metro Milwaukee Fund* (the "Fund"), at the Greater Milwaukee Foundation, a community foundation.

The Fund's assets are included in an investment pool of contributions, investment income and losses, distributions and investment fees. Distributions from the Fund are made in accordance with the Greater Milwaukee Foundation's distribution policy in effect from time to time. The Greater Milwaukee Foundation utilizes a total return spending policy that allows for a long-term approach in order to achieve an expected return greater than the total of the spending rate and inflation rate and which will maintain the purchasing power of the corpus. The 2016 and 2015 spending rate was 4.75%. Big Brothers Big Sisters of Metropolitan Milwaukee, Inc. has elected to reinvest any distributions until the value of the Fund reaches \$1,000,000.

Big Brothers Big Sisters of Metropolitan Milwaukee, Inc.'s fund contract allows for distributions greater than those set by the Greater Milwaukee Foundation's distribution policy up to a maximum of 100% including all of the principal and income of the Fund. Such distributions may be made if recommended by an 80% vote of the Big Brothers and Big Sisters of Metropolitan Milwaukee, Inc.'s board of directors and approved by the Greater Milwaukee Foundation's board of directors.

The *Big Brothers Big Sisters of Metro Milwaukee Fund* is reported at the fair value of the fund as of June 30, 2018.

Corpus Transferred to the Fund	\$200,000
Loss on Investments	<u>(1,070)</u>
Fair Value of the Fund	<u>\$198,930</u>

Loss on investments is summarized as follows:

Investment Loss	\$ (236)
Investment Management Fees	<u>(834)</u>
Total Loss on Investments	<u>\$(1,070)</u>

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE L - Endowment Fund - Greater Milwaukee Foundation (continued)

Endowment net asset composition as of June 30, 2018, consists of the following:

	<u>Board Designated</u>	<u>Endowment Total</u>
Greater Milwaukee Foundation	<u>\$198,930</u>	<u>\$198,930</u>

NOTE M - Net Assets Released From Restrictions

During the year ended June 30, 2018, net assets released from restrictions consist of the following:

<u>Source</u>	<u>Amount</u>
Leadership (Board)	\$ 87,869
Foundation Pledges for 2018	10,000
2018 Mentor 2.0	102,000
2018 General Operations	170,246
Server	3,955
Individuals	5,000
Corporation	50
Gala	144,000
Golf	142,850
Scholarship Fund	2,000
Bowling For Kids Sale	1,000
Donated Goods Golf 2018	4,242
Donated Goods Gala	<u>2,939</u>
Total	<u>\$676,151</u>

NOTE N - Restricted and Board Designated Net Assets

Temporarily restricted net assets consist of the following at June 30, 2018:

<u>Source</u>	<u>Amount</u>
<u>Time-Restricted</u>	
Donations 2019	\$130,496
Leadership 2019	63,532
Leadership 2020	5,000
Leadership 2021	<u>5,000</u>
Subtotal	<u>\$204,028</u>

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE N - Restricted and Board Designated Net Assets (continued)

<u>Purpose-Restricted</u>	
School Based Mentoring	\$ 3,000
Scholarship Fund	1,098
Other Donated Goods	<u>2,945</u>
Subtotal	<u>\$ 7,043</u>
 <u>Time- and Purpose-Restricted</u>	
Mentor 2.0 Pledge 2019	\$138,000
Mentor 2.0 Pledge 2020	10,000
Mentor 2.0 Pledge 2021	10,000
Golf 2019	152,060
Golf 2020	26,000
Golf 2021	26,000
Gala 2019	78,160
Gala 2020	3,000
Gala 2021	3,000
Bowling for Kids Sake 2019	1,000
Bowling for Kids Sake 2020	1,000
Bowling for Kids Sake 2021	<u>1,000</u>
Subtotal	<u>\$449,220</u>
Total	<u>\$660,291</u>

Board designated endowment includes donor gifts for the endowment intended by the Organization to be invested in perpetuity, but for which the donor has granted the board the right to vote and otherwise use the gift.

Board designated net assets consist of the following at June 30, 2018:

Endowment Gift Corpus	<u>\$198,930</u>
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NOTE O - Donated Goods and Services

The Organization received donated goods and services for match activities, special events, reduced rent and volunteer time.

Only donated services requiring specialized skills are included in financial statements per generally accepted accounting principles. Therefore, 111,200 hours of mentoring services, valued at \$24 per hours by the Independent Sector, are not included in the financial statements with a value of \$2,668,800.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE O - Donated Goods and Services (continued)

Donated goods and services consist of the following for the year ended June 30, 2018:

<u>Included in the Financial Statements</u>	<u>Amount</u>
Rent	\$ 45,865
Program Tickets and Supplies	262,495
Professional Fees	18,150
Special Event Supplies	<u>51,588</u>
Total	<u>\$378,098</u>
<u>Not Included in the Financial Statements</u>	<u>Amount</u>
Hourly Value	\$ 24
Program Mentoring Hours	<u>111,200</u>
Total	<u>\$2,668,800</u>

If program mentoring hours were included in the financial statement amounts, Big Brothers Big Sisters of Metropolitan Milwaukee, Inc. would realize a ratio of expenses at 87% program expenses and 13% supporting expenses.

NOTE P - Board Donations

During the year ended June 30, 2018, board members and their affiliated companies and foundations donated \$903,915.

NOTE Q - 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, 2018, the Organization has accrued income taxes of \$3,558 in accounts payable as a result of the Tax Cuts and Jobs Act passed in December 2017, which requires nonprofits to pay unrelated business income tax on qualified transportation benefits of its employees.

NOTE R - 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, 2018, the date of the most recent balance sheet, through November 15, 2018, the date the financial statements are available to be issued. It has been determined that no subsequent events need to be disclosed.