

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

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 statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
November 21, 2019

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Summarized Totals for June 30, 2018)

ASSETS		2019	2018
CURRENT ASSETS			
Cash and Cash Equivalents		\$ 1,784,020	\$ 1,273,199
Grants Receivable		123,710	39,272
Current Pledges Receivable		248,629	229,754
Prepaid Expenses and Supplies on Hand		37,185	34,905
Total Current Assets		\$ 2,193,544	\$ 1,577,130
FIXED ASSETS			
Furniture and Fixtures		\$ 3,009	\$ 3,009
Equipment		56,758	49,727
Leased Capital Equipment		9,670	9,670
Leasehold Improvements		48,238	48,238
Total Fixed Assets		\$ 117,675	\$ 110,644
Less: Accumulated Depreciation		(108,425)	(105,407)
Net Fixed Assets		\$ 9,250	\$ 5,237
Other Assets			
Net Long Term Pledges Receivable		\$ 105,000	\$ 90,000
Endowment Fund		203,943	198,930
Total Other Assets		\$ 308,943	\$ 288,930
TOTAL ASSETS		\$ 2,511,737	\$ 1,871,297
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable		\$ 26,508	\$ 18,029
Accrued Payroll Liabilities		84,965	80,874
Current Portion of Capital Lease Obligations		1,450	1,935
Total Current Liabilities		\$ 112,923	\$ 100,838
LONG-TERM LIABILITIES			
Capital Lease Obligations		\$ 1,450	\$ 3,384
Less: Current Portion		(1,450)	(1,935)
Total Long-Term Liabilities		\$ ---	\$ 1,449
Total Liabilities		\$ 112,923	\$ 102,287
NET ASSETS			
Without Donor Restrictions			
Undesignated		\$ 1,553,652	\$ 909,789
Board Designated		203,943	198,930
Total Net Assets Without Donor Restrictions		\$ 1,757,595	\$ 1,108,719
With Donor Restrictions		641,219	660,291
Total Net Assets		\$ 2,398,814	\$ 1,769,010
TOTAL LIABILITIES AND NET ASSETS		\$ 2,511,737	\$ 1,871,297

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, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
REVENUE				
Contributions and Grants	\$ 793,262	\$ 348,000	\$ 1,141,262	\$ 1,252,244
United Way	190,164	---	190,164	196,050
Big Brothers Big Sisters of America	113,902	---	113,902	105,612
Community Advocates, Inc.	137,500	---	137,500	145,000
Special Events Revenue	656,526	194,600	851,126	715,761
Special Events Expense	(187,629)	---	(187,629)	(172,961)
Inaugural Event Charitable Partner Revenue, Net	495,431	---	495,431	---
Interest Income	1,903	---	1,903	1,119
Net Investment Return	5,013	---	5,013	(1,070)
Waukesha County and Milwaukee County Community Development Block Grant	25,016	---	25,016	8,330
Donated Goods and Services	314,699	8,619	323,318	326,510
Net Assets Released from Restrictions	570,291	(570,291)	---	---
Total Revenue	<u>\$ 3,116,078</u>	<u>\$ (19,072)</u>	<u>\$ 3,097,006</u>	<u>\$ 2,576,595</u>
EXPENSES				
Program Services	\$ 1,807,535	\$ ---	\$ 1,807,535	\$ 1,753,097
Management and General	242,642	---	242,642	249,475
Marketing and Development	399,408	---	399,408	378,410
Unallocated Payments to National	17,617	---	17,617	14,587
Total Expenses	<u>\$ 2,467,202</u>	<u>\$ ---</u>	<u>\$ 2,467,202</u>	<u>\$ 2,395,569</u>
CHANGE IN NET ASSETS	\$ 648,876	\$ (19,072)	\$ 629,804	\$ 181,026
Net Assets, Beginning of Year	<u>1,108,719</u>	<u>660,291</u>	<u>1,769,010</u>	<u>1,587,984</u>
NET ASSETS, END OF YEAR	<u>\$ 1,757,595</u>	<u>\$ 641,219</u>	<u>\$ 2,398,814</u>	<u>\$ 1,769,010</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, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

	Program Services	Management and General	Marketing and Development	2019 Total	2018 Total
Salaries	\$ 963,468	\$ 136,452	\$ 271,841	\$ 1,371,761	\$ 1,336,631
Employee Benefits	130,940	10,670	25,507	167,117	169,171
Retirement Expense	19,007	5,841	5,210	30,058	31,925
Payroll Taxes	73,690	10,765	20,357	104,812	100,491
Travel Expense	16,273	799	1,081	18,153	16,152
Telephone	9,448	722	1,657	11,827	12,827
Supplies	72,510	7,730	4,788	85,028	69,475
Postage and Shipping	3,435	704	3,201	7,340	7,370
Printing	1,894	200	5,512	7,606	4,852
Dues and Subscriptions	1,048	1,003	1,131	3,182	2,687
Occupancy	132,792	12,976	26,763	172,531	168,822
Insurance	35,436	11,017	6,893	53,346	44,632
Marketing and Recruitment	1,854	---	1,368	3,222	3,705
Equipment Maintenance and Rental	4,477	1,375	1,391	7,243	7,113
Information Technology	14,030	1,156	11,493	26,679	28,252
Depreciation	2,336	204	478	3,018	5,108
Professional Fees	55,960	18,102	6,214	80,276	72,417
Conferences, Meetings and Staff Development	1,536	9,217	2,731	13,484	8,870
Volunteer Events and Cultivation	2,676	---	---	2,676	4,343
Program Activities	263,148	6,500	---	269,648	277,700
Unrelated Business Income Tax	1,577	4,379	824	6,780	3,538
Other Expenses	---	170	---	170	---
Bank Fees	---	2,660	968	3,628	4,903
Subtotal Expenses	<u>\$ 1,807,535</u>	<u>\$ 242,642</u>	<u>\$ 399,408</u>	<u>\$ 2,449,585</u>	<u>\$ 2,380,984</u>
Special Event Expenses					
Facility Costs	\$ ---	\$ ---	\$ 60,137	\$ 60,137	\$ 57,902
Prizes and Awards	---	---	25,706	25,706	23,150
Equipment Rental and Maintenance	---	---	8,621	8,621	8,819
Professional Fees	---	---	7,685	7,685	5,854
Supplies	---	---	76,612	76,612	66,996
Postage and Printing	---	---	2,993	2,993	4,816
Travel	---	---	5,875	5,875	5,424
Subtotal Special Event Expenses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 187,629</u>	<u>\$ 187,629</u>	<u>\$ 172,961</u>
TOTAL EXPENSES	<u>\$ 1,807,535</u>	<u>\$ 242,642</u>	<u>\$ 587,037</u>	<u>\$ 2,637,214</u>	<u>\$ 2,553,945</u>
Unallocated Payments to National Organization				<u>\$ 17,617</u>	<u>\$ 14,587</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, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 629,804	\$ 181,026
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	3,018	5,108
(Gain) Loss on Investments	(5,013)	1,070
(Increase) Decrease in Grants Receivable	(84,438)	42,164
(Increase) Decrease in Pledges Receivable	(33,875)	33,041
(Increase) Decrease in Prepaid Expenses and Supplies on Hand	(2,280)	(4,571)
Increase (Decrease) in Accounts Payable	8,479	(10,590)
Increase (Decrease) in Accrued Payroll Liabilities	4,091	2,984
	<u>\$ 519,786</u>	<u>\$ 250,232</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer to Endowment Fund	\$ ---	\$ (200,000)
Purchase of Fixed Assets	(7,031)	---
	<u>\$ (7,031)</u>	<u>\$ (200,000)</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	\$ 510,821	\$ 48,298
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,273,199</u>	<u>1,224,901</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,784,020</u>	<u>\$ 1,273,199</u>

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, 2019

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 250 in the country.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor 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 net assets with donor restrictions and increase net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions 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 at purchase.

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's estimate uses 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 statement of financial position as an asset. Supplies received or purchased that are expected to be used at a future date are reported on the statement of financial position as an asset.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, was \$3,222.

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.

Functional Expenses

The Organization allocates costs based their functional and natural classification in the statement of functional expenses. Program costs are those associated with carrying out the mission; management costs are those for accounting, human resources, budgeting or for the board of directors; fundraising costs are those attributed to the solicitation of contributions. Costs are allocated to each function directly whenever possible. Wages of individuals working in more than one function are allocated based on estimated time in each function and other costs are allocated based on the estimated benefit to each function.

NOTE B - Accounting Change

For year ended June 30, 2019, the Organization's financial statements changed to adopt the *Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*, effective for years beginning after December 15, 2017. This update is required and makes significant changes in reporting of net asset classes, liquidity and functional expenses. Before the change, net assets had three classifications including unrestricted, temporarily restricted, and permanently restricted. After the change, net assets are considered to be with donor restrictions and without donor restrictions. Before the change, the amount of an endowment considered to be underwater reduced unrestricted net assets. After the change, the amount of an endowment considered to be underwater reduces net assets with donor restrictions. Other new requirements include presenting a statement of functional expenses and footnotes providing information about the functional expenses and liquid financial assets of the Organization. The Organization applied the change on a retrospective basis within the summarized comparative information for the year ended June 30, 2018.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE C - Comparative Financial Information and Reclassifications

The financial information shown for 2018 in the accompanying financial statements is included to provide a basis for comparison with 2019. 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, 2018, from which the summarized information was derived.

For comparability, certain 2018 amounts have been reclassified to conform with classifications adopted in 2019. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

NOTE D - Liquidity

Financial assets are those items expected to be readily convertible to cash within one year of the statement of financial position date. Financial assets are available for general expenditures, liabilities and to pay other obligations as they come due. The Organization's operations are funded primarily through donations. Donations that are restricted by the donor to be used for a specific purpose are excluded from financial assets available for use. However, donations restricted because not yet collected are included in financial assets if they are expected to be collected within one year from the financial position date. In addition to the financial assets listed below, the Organization has a committed line of credit of \$250,000 available for use.

The Organization has liquid financial assets available of the following at June 30, 2019:

<u>Source</u>	<u>Amount</u>
Cash and Cash Equivalents	\$1,784,020
Grants Receivable	123,710
Current Pledges Receivable	248,629
Less: Current Pledges Restricted for Mentor 2.0	<u>(62,000)</u>
Total Assets Available For Use	<u>\$2,094,359</u>

NOTE E - 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, 2019, the Organization's uninsured cash balances totaled \$1,536,329.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE F - Grants Receivable

Grants receivable consist of the following amounts at June 30, 2019:

<u>Source</u>	<u>Amount</u>
Community Advocates, Inc.	\$ 32,818
Waukesha and Milwaukee County Community Development Block Grant	20,189
Big Brothers Big Sisters of America	<u>70,703</u>
Total	<u>\$123,710</u>

NOTE G - 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>
2020	\$254,629
2021	95,000
2022	<u>10,000</u>
Gross Pledges Receivable	<u>\$359,629</u>

<u>Balances consist of the following as of June 30, 2019,</u>	<u>Amount</u>
Gross Pledges Receivable	\$359,629
Less: Allowance for Doubtful Accounts	<u>(6,000)</u>
Pledges Receivable	<u>\$353,629</u>

NOTE H - 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 6.77% 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, 2019.

BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE I - 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, 2019, including a \$1,500 deposit included in prepaid expenses at June 30, 2019.

NOTE J - 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, 2019, was \$111,261.

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

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2020	<u>\$102,634</u>
Total	<u>\$102,634</u>

NOTE K - 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, 2019, was \$1,934. Accumulated depreciation on the leased asset as of June 30, 2019, was \$8,541. Future minimum principal payments on the capital lease total \$1,450 that will be paid in the year ended June 30, 2020.

NOTE L - 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, 2019, was \$30,058.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE M - 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, 2019.

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (<u>Level 1</u>)	Significant Other Observable Inputs (<u>Level 2</u>)	Significant Unobservable Inputs (<u>Level 3</u>)
Greater Milwaukee Foundation Investments	\$203,943	\$ ---	\$ ---	\$203,943
Total	<u>\$203,943</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$203,943</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, 2018	\$198,930	\$198,930
Net Investment Return	<u>5,013</u>	<u>5,013</u>
Ending Balance, June 30, 2019	<u>\$203,943</u>	<u>\$203,943</u>

The amount of investment return for the year ended June 30, 2019, included in net assets with donor restrictions, relating to assets still held at the reporting date was \$5,013.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE N - Endowment Fund - Greater Milwaukee Foundation

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.

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and thus classifies amounts in its endowment funds in accordance with accordance with the donor's wishes. If a donor restricts contributions to the endowment,, the endowment is included with net assets with donor restrictions. 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.

Assets of the Fund

The *Big Brothers Big Sisters of Metro Milwaukee Fund* 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, 2019.

Beginning Balance, July 1, 2018	\$198,930
Net Investment Return	<u>5,013</u>
Fair Value of the Fund, June 30, 2019	<u><u>\$203,943</u></u>

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Endowment net asset composition as of June 30, 2019, consists of the following:

	<u>Board Designated</u>	<u>Endowment Total</u>
Greater Milwaukee Foundation	<u>\$203,943</u>	<u>\$203,943</u>

NOTE O - Net Assets Released From Restrictions

During the year ended June 30, 2019, net assets released from restrictions consist of the following:

<u>Source</u>	<u>Amount</u>
Leadership (Board)	\$ 63,532
2019 Mentor 2.0	138,000
2019 General Operations	123,496
Individuals	5,000
Corporation	5,000
Gala	77,000
Golf	142,988
Scholarship Fund	1,098
Bowling For Kids Sale	1,000
Donated General Good	2,945
Donated Goods Golf 2019	9,072
Donated Goods Gala	<u>1,160</u>
Total	<u>\$570,291</u>

NOTE P - Net Assets With Donor Restrictions and Board Designated Net Assets

Net assets with donor restrictions consist of the following at June 30, 2019:

<u>Source</u>	<u>Amount</u>
<u>Time-Restricted</u>	
Donations 2020	\$290,500
Leadership 2020	10,500
Leadership 2021	<u>5,000</u>
Subtotal	<u>\$306,000</u>

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE P - Net Assets With Donor Restrictions and Board Designated Net Assets (continued)

<u>Time- and Purpose-Restricted</u>	
Mentor 2.0 Pledge 2020	\$62,000
Mentor 2.0 Pledge 2021	10,000
Golf 2020	148,100
Golf 2021	26,000
Gala 2020	75,500
Gala 2021	3,000
Bowling for Kids Sake 2020	1,000
Bowling for Kids Sake 2021	1,000
Donated Goods Golf 2020	6,394
Donated Goods Gala 2020	1,800
Donated Goods Bowling for Kids Sake	<u>425</u>
Subtotal	<u>\$335,219</u>
Total	<u>\$641,219</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.

Endowment Gift Corpus	<u>\$203,943</u>
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NOTE Q - 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 \$24.69 per hours by the Independent Sector, are not included in the financial statements with a value of \$2,745,528.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE Q - Donated Goods and Services (continued)

Donated goods and services consist of the following for the year ended June 30, 2019:

<u>Included in the Financial Statements</u>	<u>Amount</u>
Rent	\$ 47,693
Program Tickets and Supplies	219,442
Donated M2.0 Staffing and Event Space	25,000
Advertising	1,020
Training	7,745
Office Equipment	<u>22,418</u>
Total	\$323,318
Special Event Donations	<u>53,384</u>
Total	<u>\$376,702</u>
<u>Not Included in the Financial Statements</u>	<u>Amount</u>
Hourly Value	\$ 24.69
Program Mentoring Hours	<u>111,200</u>
Total	<u>\$2,745,528</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 88% program expenses and 12% supporting expenses.

NOTE R - Board Donations

During the year ended June 30, 2019, board members and their affiliated companies and foundations donated \$828,229.

NOTE S - Inaugural Event Charitable Partner Revenue, Net

Big Brothers Big Sisters of Metropolitan Milwaukee, Inc. was selected as the inaugural charitable partner to Tony Evers. Through this partnership, Big Brothers Big Sisters of Metro Milwaukee, Inc. was included in inaugural events occurring in December 2018 and January 2019 and acted as fiscal agent for the events. The partnership allowed Big Brothers Big Sisters of Metropolitan Milwaukee, Inc. to retain excess revenue over costs which is recorded as Inaugural Event Charitable Partner Revenue, Net of \$495,431.

**BIG BROTHERS AND BIG SISTERS OF METROPOLITAN MILWAUKEE, INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE T - 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, 2019, the Organization has paid all income taxes owed 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 U - 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, 2019, the date of the most recent statement of financial position, through November 21, 2019, the date the financial statements are available to be issued. It has been determined that no subsequent events need to be disclosed.