

**BIG BROTHERS/BIG SISTERS OF
BUTLER COUNTY, INC.**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Big Brothers/Big Sisters of Butler County, Inc.
Hamilton, Ohio

We have audited the accompanying financial statements of Big Brothers/Big Sisters of Butler County, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses 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 U.S. generally accepted accounting principles. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 U.S generally accepted auditing standards. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express such an 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 Butler County, Inc. as of December 31, 2016 and 2015 and the changes in its net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Steven L. Potts". The signature is written in a cursive style with a large, stylized initial 'S'.

February 28, 2017

Certified Public Accountant

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 42,412	\$ 13,375
Accounts receivable	13,445	19,109
Prepaid expenses	3,928	3,171
Pledges receivable - Restricted	50,000	-
TOTAL CURRENT ASSETS	<u>109,785</u>	<u>35,655</u>
NON CURRENT ASSETS		
Property, furniture and equipment, net	24,810	28,579
Cash in savings - Restricted	1,232	1,241
Deposits	2,250	386
TOTAL NON CURRENT ASSETS	<u>28,292</u>	<u>30,206</u>
TOTAL ASSETS	<u>\$ 138,077</u>	<u>\$ 65,861</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 15,373	\$ 18,710
Line of credit (Note 5)	-	35,000
TOTAL LIABILITIES	<u>15,373</u>	<u>53,710</u>
NET ASSETS		
Unrestricted	71,463	10,910
Temporarily restricted	51,241	1,241
TOTAL NET ASSETS	<u>122,704</u>	<u>12,151</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 138,077</u>	<u>\$ 65,861</u>

SEE NOTES TO FINANCIAL STATEMENTS

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2 0 1 6			2 0 1 5		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES						
Contributions	\$ 82,360	\$ -	\$ 82,360	\$ 78,526	\$ -	\$ 78,526
Foundations and trusts	156,521	50,000	206,521	103,175	-	103,175
Grants- Government Agencies	266,879	-	266,879	186,774	-	186,774
United Way	143,407	-	143,407	188,977	-	188,977
In-kind donations	101,687	-	101,687	19,802	-	19,802
Fundraising events (net) -Note 10	55,508	-	55,508	53,075	-	53,075
Other income	23	-	23	50	-	50
Assets released from restrictions	-	-	-	1,200	(1,200)	-
TOTAL SUPPORT AND REVENUE	806,385	50,000	856,385	631,579	(1,200)	630,379
EXPENSES						
Program	600,962	-	600,962	486,459	-	486,459
General and administrative	81,235	-	81,235	71,647	-	71,647
Fundraising	63,635	-	63,635	60,660	-	60,660
TOTAL EXPENSES	745,832	-	745,832	618,766	-	618,766
CHANGE IN NET ASSETS	60,553	50,000	110,553	12,813	(1,200)	11,613
NET ASSETS - BEGINNING	10,910	1,241	12,151	(1,903)	2,441	538
NET ASSETS - ENDING	\$ 71,463	\$ 51,241	\$ 122,704	\$ 10,910	\$ 1,241	\$ 12,151

SEE NOTES TO FINANCIAL STATEMENTS

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 110,553	\$ 11,613
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,386	2,413
Loss on retirement of assets	262	541
(Increase) decrease in:		
Accounts receivable	5,664	13,545
Pledges receivable	(50,000)	1,200
Prepaid expense	(757)	2,375
Deposits	(1,864)	-
Increase (decrease) in:		
Accounts payable	(3,337)	50
Accrued payroll taxes	-	(344)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	66,907	31,393
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,878)	(30,422)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(2,878)	(30,422)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	-	(4,000)
Payments on line of credit	(128,900)	(82,500)
Draws on line of credit	93,900	96,237
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(35,000)	9,737
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,029	10,708
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,615	3,907
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 43,644	\$ 14,615

SEE NOTES TO FINANCIAL STATEMENTS

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation and related expenses				
Salaries	\$ 360,249	\$ 51,806	\$ 54,540	\$ 466,595
Payroll taxes	30,492	4,384	4,617	39,493
Health insurance and benefits	20,313	2,920	3,076	26,309
Total compensation and related expenses	<u>411,054</u>	<u>59,110</u>	<u>62,233</u>	<u>532,397</u>
Program activities	50,598	-	-	50,598
Contracted services	48,012	-	-	48,012
Rent	20,953	3,698	-	24,650
Professional fees	10,779	1,902	-	12,681
Insurance	10,366	1,829	-	12,195
National and local dues	8,328	-	-	8,328
Recruitment and records checks	7,970	-	-	7,970
Equipment maintenance	4,316	762	-	5,078
Utilities	5,961	1,052	-	7,013
Other expenses	-	7,646	-	7,646
Depreciation	6,386	-	-	6,386
Transportation	5,118	903	-	6,021
Conference and meetings	2,461	434	-	2,895
Telephone	2,225	393	-	2,618
Office supplies	2,078	367	-	2,445
Site based materials	2,316	-	-	2,316
Interest	-	2,174	-	2,174
Postage	1,780	314	-	2,094
Printing and publications	-	651	1,402	2,053
Loss on retirement of assets	262	-	-	262
TOTAL EXPENSES	<u><u>\$ 600,962</u></u>	<u><u>\$ 81,235</u></u>	<u><u>\$ 63,635</u></u>	<u><u>\$ 745,832</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation and related expenses				
Salaries	\$ 330,234	\$ 47,835	\$ 52,484	\$ 430,553
Payroll taxes	27,166	3,935	4,318	35,419
Health insurance and benefits	17,557	2,543	2,790	22,890
Total compensation and related expenses	<u>374,957</u>	<u>54,313</u>	<u>59,592</u>	<u>488,862</u>
Program activities	22,465	-	-	22,465
Contracted services	4,000	-	-	4,000
Rent	32,640	5,760	-	38,400
Professional fees	4,631	817	-	5,448
Insurance	8,624	1,522	-	10,146
National and local dues	7,540	-	-	7,540
Recruitment and records checks	3,907	-	-	3,907
Equipment maintenance	3,321	586	-	3,907
Utilities	8,450	1,491	-	9,941
Other expenses	-	2,781	-	2,781
Depreciation	2,413	-	-	2,413
Transportation	5,273	930	-	6,203
Conference and meetings	204	36	-	240
Telephone	2,912	514	-	3,426
Office supplies	1,829	323	-	2,152
Site based materials	1,126	-	-	1,126
Interest	-	2,375	-	2,375
Postage	1,129	199	-	1,328
Printing and publications	497	-	1,068	1,565
Loss on retirement of assets	541	-	-	541
TOTAL EXPENSES	<u><u>\$ 486,459</u></u>	<u><u>\$ 71,647</u></u>	<u><u>\$ 60,660</u></u>	<u><u>\$ 618,766</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

NOTE 1--THE ORGANIZATION

Big Brothers/Big Sisters of Butler County, Inc. (the Organization) is incorporated in the State of Ohio as a not-for-profit organization and is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. It is not a Private Foundation.

The mission of the Organization is to provide children facing adversity with strong, enduring, professionally supported one-on-one relationships that change their lives for the better. The Organization is dependent upon contributions from the general public, United Way, foundations, government grants and fund raising events for its support.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets and Depreciation

Office furniture, equipment, and leasehold improvements with an economic life of more than one year are shown at cost, if purchased, or fair value, if contributed. Depreciation is provided by the straight-line method over the estimated useful lives of the assets.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Certain costs have been allocated among the programs and supporting services benefitted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Accounts and Pledges Receivable

Accounts receivable are amounts due from local governments, corporations and individuals. Management believes that all accounts receivable are fully collectible within a reasonable period after year end. Therefore, no allowance for uncollectible accounts is provided.

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
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Pledges receivable are reported using a discount rate of 0% in 2016. No allowance is provided as management believes that all pledges are fully collectible. The amount of pledges receivable as of December 31, 2016 is as follows:

Less than one year	\$ 50,000
One to five years	<u>-</u>
Total	<u><u>\$ 50,000</u></u>

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributed Services

Contributed services are recorded as support only if they create or enhance nonfinancial assets or require specialized services. The Organization relies on many volunteer services to carry out its programs. The hours donated by volunteers have not been recorded in these financial statements in accordance with U.S. generally accepted accounting principles.

Reclassifications

Certain prior year balances have been reclassified to make them consistent with the current year presentation.

NOTE 3--STATEMENT OF CASH FLOWS--SUPPLEMENTAL INFORMATION

No income or excise taxes were paid in the years ended December 31, 2016 and 2015. Interest expense of \$2,174 and \$2,375 was paid in the years ended December 31, 2016 and 2015, respectively.

NOTE 4--FAIR VALUATION OF FINANCIAL INSTRUMENTS

FASB ASC 825-10 requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of instruments. FASB ASC 825-10 excludes certain financial instruments

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and nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Organization.

The amounts reflected in the balance sheets for cash, accounts receivable, and short-term borrowings approximate their respective fair values due to the short term maturities of the instruments. The carrying value of pledges receivable also approximates fair value because its value is based on estimated future cash flows using a discount rate commensurate with the risks involved.

NOTE 5--LINE OF CREDIT

The Organization has a \$35,000 line of credit with a local bank. The line carries an interest rate of prime plus 1.75%, which was 5.25% at December 31, 2016, and expires in August 05, 2017. The balance outstanding as of December 31, 2016 and 2015 was \$0 and \$35,000, respectively.

NOTE 6--TEMPORARILY RESTRICTED NET ASSETS

The Organization has elected to show restricted contributions whose restrictions are met in the same reporting period as when given as unrestricted support.

Certain portions of program services and administrative expenses are funded by various grants and contracts with government agencies. While these grants and contracts are restrictive in nature, when received they become funds available for carrying out general program activities and administration. For this reason, all resources available for use from these government grants and contracts are shown on the financial statements as unrestricted funds.

The amounts shown as temporarily restricted assets arose from contributions designated to provide an annual year-end celebration of the after school mentoring program and from pledges receivable with a time restriction as follows:

Atkinson Memorial	\$ 1,232
Pledges	<u>50,000</u>
Total	<u>\$ 51,232</u>

NOTE 7-- CONCENTRATIONS OF RISK

The Organization receives contributions from the general public, foundations, government grants and three different United Ways. The volume of grants received from one such organization was 10% and 21% of the total income from grants and contributions in 2016 and 2015, respectively.

The Federal Deposit Insurance Corporation insures cash balances at participating banks at amounts up to \$250,000. The Organization had no uninsured balances as of December 31, 2016.

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
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DECEMBER 31, 2016 and 2015

The uninsured balances are computed on the balances on deposit with the bank as of December 31st and do not take into consideration outstanding checks or deposits.

NOTE 8--PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment as of December 31, 2016 and 2015 consisted of the following:

	2016	2015
Office furniture and equipment	\$ 50,509	\$ 50,526
Leasehold improvements	2,581	6,526
	53,090	57,052
Accumulated depreciation	(28,280)	(28,473)
Property and equipment--net	\$ 24,810	\$ 28,579

Depreciation expense amounted to \$6,386 and \$ 2,413 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9--OPERATING LEASES

The Organization has a 5-year copier lease which began in November, 2015. The lease calls for monthly payments of \$154. In addition, the Organization rents office space for a term of 5 years. Total rent expense was \$24,400 and 38,400 respectively for the years ended December 31, 2016 and 2015.

Total future minimum lease payments are as follows:

2017	1,848
2018	1,848
2019	1,848
2020	1,540
	\$ 7,084

BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

NOTE 10--FUND RAISING EVENTS

The following events contributed to the resources available for programs during the years ended December 31, 2016 and 2015. The revenues and expenses presented below do not include in kind donations. In kind donations related to fundraising amounted to \$2,870 and \$8,205 for the years ended December 31, 2016 and 2015, respectively.

	2016		
	Revenue	Expenses	Net Profit
Run for Kids Sake	49,550	6,262	43,288
Girl's Night Out	14,320	4,772	9,548
Other Events	5,542	-	5,542
Bowl for Kids Sake	-	-	-
	\$ 69,412	\$ 11,033	\$ 58,378

	2015		
	Revenue	Expenses	Net Profit
Run for Kids Sake	35,901	6,347	29,554
Girl's Night Out	14,397	4,728	9,669
Other Events	10,120	27	10,093
Bowl for Kids Sake	4,315	556	3,759
	\$ 64,732	\$ 11,657	\$ 53,075

NOTE 11--SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 28, 2017, the date of the audit report.