

**BIG BROTHERS BIG SISTERS
OF THE CENTRAL PIEDMONT, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2015

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

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STATEMENT OF PURPOSE

It is the mission of Big Brothers Big Sisters of the Central Piedmont, Inc. to help children reach their full potential through professionally supported one-on-one relationships with measurable impact. We seek to provide successful mentoring relationships for all children who need and want them, contributing to better schools, brighter futures and stronger communities for all.

GARY D. WALKER

CERTIFIED PUBLIC ACCOUNTANT

706 WESTCHESTER DRIVE, HIGH POINT, NORTH CAROLINA 27262

March 3, 2016

To the Board of Directors and Officers
Big Brothers Big Sisters of the Central Piedmont, Inc.
High Point, North Carolina

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Big Brothers Big Sisters of the Central Piedmont, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, 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

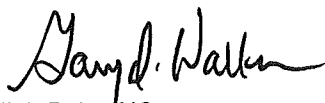
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 judgement, 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, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of the Central Piedmont, 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.



High Point, NC
(336) 887-9371

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 70,136
Endowment investments	43,482
Accounts receivable	10,780
Prepaid expenses	<u>8,229</u>
Total current assets	<u>132,627</u>
PROPERTY AND EQUIPMENT	
Office equipment	77,295
Less accumulated depreciation	<u>(71,756)</u>
	<u>5,539</u>
OTHER ASSETS	
Utility deposits	<u>1,921</u>
Total assets	<u>\$ 140,087</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 4,608
Withheld from employees	653
Deferred revenue	<u>15,000</u>
Total current liabilities	<u>20,261</u>
NET ASSETS	
Unrestricted	76,344
Unrestricted - designated for endowment	<u>43,482</u>
Total net assets	<u>119,826</u>
Total liabilities and net assets	<u>\$ 140,087</u>

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

PUBLIC SUPPORT AND REVENUES

United Way	\$ 410,561
Contributions	91,343
Special events	93,023
Government grants	16,700
Non-government grants	49,947
Sales tax refunds	322
Investment income	451
Unrealized loss in fair value of endowment	<u>(416)</u>
	661,931
Donated office space	<u>42,000</u>
Total public support and revenue	<u>703,931</u>

EXPENSES

Program services	567,698
Supporting services	
Management and general	88,239
Fund raising	<u>68,726</u>
Total expenses	<u>724,663</u>

CHANGE IN NET ASSETS

	(20,732)
NET ASSETS, beginning of year	<u>140,558</u>
NET ASSETS, end of year	<u>\$ 119,826</u>

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL
Salaries	\$ 336,256	\$ 47,261	\$ 50,955	\$ 434,472
Retirement benefits	19,621	4,413	3,527	27,561
Employee benefits	51,344	3,422	5,392	60,158
Payroll taxes	30,175	4,241	4,573	38,989
Total salaries and related expenses	437,396	59,337	64,447	561,180
Professional services	-	9,225	-	9,225
Office supplies and expenses	22,636	5,459	978	29,073
Occupancy	39,531	2,081	-	41,612
Travel	1,452	-	-	1,452
Conferences and meetings	4,010	91	-	4,101
Payments to affiliates	8,702	-	-	8,702
Depreciation	1,066	284	71	1,421
Board liability insurance	-	1,355	-	1,355
Recruitment	20,120	-	-	20,120
Awards and recognition	1,058	-	930	1,988
Dues	227	227	-	454
Miscellaneous	-	1,780	200	1,980
Donated office space utilized	31,500	8,400	2,100	42,000
Total expenses	\$ 567,698	\$ 88,239	\$ 68,726	\$ 724,663

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (20,732)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	1,421
Unrealized loss in fair value of endowment	416
Change in assets and liabilities:	
Increase in accounts receivable	(7,280)
Increase in prepaid expenses	(3,348)
Increase in other assets	(1,475)
Decrease in accounts payable and accrued expenses	(4,872)
Increase in withheld from employees	48
Increase in deferred revenue	<u>2,000</u>
Net cash used by operating activities	<u>(33,822)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of office equipment	(5,121)
Net additions to endowment	<u>(451)</u>
Net cash used by investing activities	<u>(5,572)</u>

Net decrease in cash and cash equivalents (39,394)

CASH AND CASH EQUIVALENTS, beginning of year	<u>109,530</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 70,136</u>

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - NATURE OF ACTIVITIES, MERGER AND CONCENTRATIONS

Big Brothers Big Sisters of the Central Piedmont, Inc. (the "Agency") is a voluntary health and welfare non-profit United Way agency organized for the purpose of providing one-on-one professionally supported mentoring for youth between the ages of five and eighteen in the Greater Piedmont area of North Carolina.

On July 1, 2013, Big Brothers Big Sisters of Greensboro, a division of Youth Focus, Inc., merged with Big Brothers Big Sisters of the Central Piedmont, Inc. to combine operations into one agency serving children in the North Carolina cities of High Point, Greensboro, Jamestown, Archdale/Trinity and Asheboro. Offices and staff are maintained in High Point and Greensboro.

The Agency receives a substantial portion of its support from United Way allocations and from individuals and organizations through fund raising events, appeals and grants.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. The Agency is required to report 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.

BOARD DESIGNATED ENDOWMENT

In prior years, the Board of Directors of Big Brothers Big Sisters of Greensboro designated a portion of unrestricted net assets as an endowment to provide income for that Agency for a long but unspecified time. On July 1, 2013, the designated endowment was transferred in the merger with Big Brothers Big Sisters of the Central Piedmont, Inc. The endowment funds are invested through the Community Foundation of Greater Greensboro, Inc. and consist primarily of equity and fixed income investments. The Greensboro agency had adopted a prudent investment policy whose objectives and spending policies were to preserve principal by establishing a target payout percentage based on the fair market value of the endowment at certain designated dates. Big Brothers Big Sisters of the Central Piedmont, Inc. has adopted the provisions of the original endowment agreement with the Community Foundation of Greater Greensboro, Inc. Distributions are available annually from the fund; however, it is the intention of the Agency to leave the available distributions in the endowment fund and to allow the fund to grow over time.

CONTRIBUTIONS AND RECOGNITION OF DONOR RESTRICTIONS

Contributions and support received with donor stipulations that limit the use of the gifts are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the gift is received. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

PROPERTY AND EQUIPMENT

Purchased property and equipment are carried at cost. Expenditures for maintenance, repairs, and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. Donations of property and equipment are recorded as support at their estimated fair value on date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor restrictions regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

USE OF 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, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

EXPENSE ALLOCATIONS

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

INCOME TAXES

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation by the Internal Revenue Service. Accordingly, no provision for income taxes is reflected in the financial statements.

It is management's policy to evaluate all tax positions to identify any that may be considered uncertain. No material uncertain tax positions were identified for the year ended June 30, 2015. The statute of limitations remains open subsequent to and including the year ended June 30, 2012; however, no examinations are in process. Any changes in the amount of a tax position will be recognized in the period the change occurs.

COMPENSATED ABSENCES

Employees of the Agency are entitled to compensation for vacation and health related absences. Accrual of an estimate of compensation for future absences is not practical; therefore no liability has been included in the financial statements. Management will recognize the costs of these absences when paid to the employees.

ADVERTISING

Advertising costs are charged to expense as incurred.

CASH AND CASH EQUIVALENTS

For the purpose of reporting cash flows, the Corporation includes all cash accounts which are not subject to withdrawal restrictions and all highly liquid debt instruments with an initial maturity of three months or less as cash and cash equivalents.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 3, 2016, the date on which the financial statements were available to be issued.

NOTE 3 - DONATED FACILITIES

The Corporation's central office facilities are donated by a local bank. Management's estimate of the annual fair rental value of the donated facilities has been included in the accompanying statement of activities.

NOTE 4 - EMPLOYEE BENEFIT PLAN

On January 1, 2015, the Corporation converted its defined contribution retirement plan to a tax-deferred plan under Section 401(k) of the Internal Revenue Code. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Corporation will match employee deferrals up to a maximum of 4% of annual salaries. Executive officers may receive a matching contribution of up to 10% of annual salaries.

Retirement expense for the year ended June 30, 2015 was \$ 27,561.

BIG BROTHERS BIG SISTERS OF THE CENTRAL PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - BOARD DESIGNATED ENDOWMENT

The Agency's endowment is maintained within the Community Foundation of Greensboro in unsecured investment funds. The account is valued at the estimated fair value of the underlying assets held by the Foundation at June 30, 2015. Changes in the account during the year ended June 30, 2015 are summarized as follows:

Estimated fair value at beginning of the year	\$ 43,447
Earnings	1,054
Fiduciary management fees	(603)
Unrealized loss in fair value	(416)
	<u>43,482</u>
Estimated fair value at end of the year	\$ <u>43,482</u>

NOTE 6 - LEASE COMMITMENTS

The Corporation is obligated under two operating leases, for office equipment, that expire during the year ending June 30, 2018. The leases are payable \$ 426 monthly plus taxes and charges for excess copies.

The Corporation is obligated under a five year lease for its Greensboro office facilities. The initial base rent is \$ 1,475 monthly with scheduled annual increases of 2.5%. In addition, the Corporation will be assessed an annual charge for its share of excess basic property costs incurred by the owner of the property.

Future minimum lease payments for these leases are:

		Equipment	Office
Year ending June 30	2016	\$ 5,112	\$ 17,737
	2017	5,112	18,180
	2018	4,480	18,635
	2019	-	19,101
	2020	-	17,909
		<u>14,704</u>	<u>91,562</u>
		\$ <u>14,704</u>	\$ <u>91,562</u>

Total lease expenses for the year ended June 30, 2015 were \$ 6,597 for the equipment and \$ 28,407 for office facilities.