

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**
December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Brothers/Big Sisters of Northeastern Wisconsin, Inc.
Green Bay, Wisconsin

We have audited the accompanying financial statements of Big Brothers/Big Sisters of Northeastern Wisconsin, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

Auditors' 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 auditors' 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 auditors consider 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 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/Big Sisters of Northeastern Wisconsin, Inc. as of December 31, 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.

Report on Summarized Financial Information

We have previously audited the Big Brothers/Big Sisters of Northeastern Wisconsin, Inc.'s 2014 financial statements, and our report dated March 3, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized financial information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Green Bay, Wisconsin
March 11, 2016

FINANCIAL STATEMENTS

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

ASSETS	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 481,936	\$ 322,243
Accounts receivable	95	219
Promises to give	7,037	39,729
Prepaid expenses	3,204	8,582
Beneficial interest in charitable remainder trust	43,630	41,552
Investments	255,091	268,163
Furniture and equipment, net	3,963	7,347
Beneficial interest in investments held by Community Foundation	<u>1,167,128</u>	<u>1,296,834</u>
Total assets	<u>\$ 1,962,084</u>	<u>\$ 1,984,669</u>
 LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts payable	\$ 2,166	\$ 7,282
Accrued expenses	6,533	5,178
Deferred revenue	<u>325</u>	<u>10,796</u>
Total liabilities	<u>9,024</u>	<u>23,256</u>
<u>Net assets</u>		
Unrestricted	576,811	431,821
Temporarily restricted	281,422	434,765
Permanently restricted	<u>1,094,827</u>	<u>1,094,827</u>
Total net assets	<u>1,953,060</u>	<u>1,961,413</u>
 Total liabilities and net assets	<u>\$ 1,962,084</u>	<u>\$ 1,984,669</u>

See notes to financial statements.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

		Temporarily Restricted					
	Unrestricted	Contributions	Endowment Investments	Total Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Revenues, gains and other support							
Contributions	\$ 373,881	\$ 9,878	\$ -	\$ 9,878	\$ -	\$ 383,759	\$ 329,733
United Way allocations	146,142	-	-	-	-	146,142	141,942
Fund raising events	326,246	-	-	-	-	326,246	339,326
Interest and dividend income	4,980	-	50,071	50,071	-	55,051	50,353
Net loss on investments	(10,147)	-	(117,808)	(117,808)	-	(127,955)	(7,890)
Loss on sale of assets	(650)	-	-	-	-	(650)	-
Total revenues, gains and other support	840,452	9,878	(67,737)	(57,859)	-	782,593	853,464
Net assets released from restrictions	95,484	(30,642)	(64,842)	(95,484)	-	-	-
	935,936	(20,764)	(132,579)	(153,343)	-	782,593	853,464
Expenses							
Program services	461,110	-	-	-	-	461,110	479,279
Supporting services							
Management and general	72,428	-	-	-	-	72,428	68,054
Fund raising	257,408	-	-	-	-	257,408	245,639
Total expenses	790,946	-	-	-	-	790,946	792,972
Change in net assets	144,990	(20,764)	(132,579)	(153,343)	-	(8,353)	60,492
Net assets at beginning of year	431,821	73,572	361,193	434,765	1,094,827	1,961,413	1,900,921
Net assets at end of year	\$ 576,811	\$ 52,808	\$ 228,614	\$ 281,422	\$ 1,094,827	\$ 1,953,060	\$ 1,961,413

See notes to financial statements.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	Program Services	Management & General	Fund Raising	2015 Total	2014 Total
Salaries	\$ 276,535	\$ 38,603	\$ 125,240	\$ 440,378	\$ 438,009
Social security taxes	19,799	2,764	8,966	31,529	32,109
Group insurance	40,577	5,664	18,377	64,618	59,742
Retirement	3,448	481	1,561	5,490	5,436
Workers compensation	2,040	285	924	3,249	3,346
Professional fees	2,322	6,500	464	9,286	10,668
Contract services	17,795	1,112	3,337	22,244	7,404
Record checks	1,041	-	-	1,041	853
Bank fees	-	301	-	301	319
Service fees	-	61	2,456	2,517	2,549
Supplies	1,879	251	1,477	3,607	3,459
Telephone	4,762	298	899	5,959	5,679
Postage	2,270	284	1,221	3,775	3,952
Occupancy	23,322	1,555	6,219	31,096	31,096
Equipment rental and maintenance	7,807	520	2,082	10,409	11,624
Printing	11,419	1,999	15,540	28,958	9,679
Travel	5,761	567	3,116	9,444	7,631
Conferences and conventions	1,568	523	523	2,614	393
Dues	2,547	7,642	-	10,189	9,196
Insurance	12,407	2,326	776	15,509	15,510
Employee business expenses	1,247	208	624	2,079	2,296
Promotion supplies	-	-	11,397	11,397	50,208
Volunteer appreciation	3,378	211	633	4,222	4,325
Program advertising	7,798	-	-	7,798	7,583
Event fees	-	-	24,111	24,111	27,036
Event prizes	-	-	25,539	25,539	28,995
Miscellaneous	4,599	-	1,652	6,251	5,996
Match activities	4,602	-	-	4,602	5,310
Depreciation	2,187	273	274	2,734	2,569
Total	\$ 461,110	\$ 72,428	\$ 257,408	\$ 790,946	\$ 792,972

See notes to financial statements.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015**

(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
<u>Operating activities</u>		
Change in net assets	\$ (8,353)	\$ 60,492
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net loss on investments	127,955	7,890
Loss on sale of assets	650	-
Depreciation	2,734	2,569
Changes in assets and liabilities		
Accounts receivable	124	313
Promises to give	32,692	16,523
Prepaid expenses	5,378	661
Beneficial interest in charitable remainder trust	(2,078)	(1,979)
Accounts payable	(5,116)	6,718
Accrued expenses	1,355	854
Deferred revenue	(10,471)	1,846
Net cash provided by operating activities	<u>144,870</u>	<u>95,887</u>
<u>Investing activities</u>		
Proceeds from sale of investments	19,054	7,025
Purchase of investments	(78,721)	(162,134)
Withdrawals from investments	9,648	263
Withdrawals from beneficial interest in investments held by Community Foundation	64,842	66,532
Purchase of furniture and equipment	-	(5,920)
Net cash provided by (used in) investing activities	<u>14,823</u>	<u>(94,234)</u>
Increase in cash and cash equivalents	159,693	1,653
<u>Cash and cash equivalents:</u>		
Beginning	<u>322,243</u>	<u>320,590</u>
Ending	<u>\$ 481,936</u>	<u>\$ 322,243</u>

See notes to financial statements.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 1 - Nature of activities and significant accounting policies

A. Nature of activities

Big Brothers/Big Sisters of Northeastern Wisconsin, Inc. (the Organization) is a not-for-profit corporation which provides services designated to help children reach their potential through professionally supported, one-to-one relationships with measurable impact.

B. Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

C. Basis of presentation

The Organization is required to report information regarding its financial position and its activities in the following three classes of net assets:

Unrestricted net assets - net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.

Temporarily restricted net assets - net assets that result from contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets - net assets resulting from contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

D. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

E. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents except for money market funds classified as investments.

F. Promises to give

Unconditional promises to give are recognized as revenue in the period promised and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 1 - Nature of activities and significant accounting policies, continued

G. Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

H. Investment risks

The Organization invests in various securities within its investment and endowment accounts. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in these financial statements.

I. Furniture and equipment

All acquisitions and improvements of property and equipment in excess of \$500 are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

J. Deferred revenue

Revenue from event fund raisers is deferred and recognized in the period in which the event occurs.

K. Contribution recognition

Contributions are recognized as revenue when they are received or unconditionally promised. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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.

L. Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 1 - Nature of activities and significant accounting policies, continued

M. Summarized financial information

The financial statements include certain prior-year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statement for the year ended December 31, 2014, from which the summarized information was derived.

N. Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 11, 2016, the date on which the financial statements were available to be issued.

O. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements with no change in previously reported net assets or changes in net assets.

Note 2 - Concentration of credit risk

The Organization maintains its bank accounts at financial institutions in the Green Bay area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured depository institution. The Organization's cash deposits may exceed these federally insured limits at times during the year. The Organization has not experienced any losses on these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

Note 3 - Promises to give

Promises to give totaling \$7,037 as of December 31, 2015 are all receivable in less than one year. A reserve for uncollectible accounts was not deemed necessary by management.

Note 4 - Beneficial interest in charitable remainder trust

In 2010, a donor established a trust with Merrill Lynch Trust Company naming the Organization as a beneficiary of a charitable remainder trust. The Organization is to receive \$100,000 at the time of the donor's death. Based on the donor's life expectancy and the use of a 5% discount rate, the present value of future benefits expected to be received by the Organization was estimated to be \$43,630 as of December 31, 2015.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 5 - Investments

Investments of \$255,091 held at December 31, 2015, are comprised of \$7,100 of cash equivalents, \$202,512 of mutual funds, \$9,817 of equities, and \$35,662 of fixed income funds.

Donor-restricted endowment contributions are classified as permanently restricted net assets while interest income and realized and unrealized gains are classified as temporarily restricted net assets. On December 31, 2015, the investments were allocated as follows:

Unrestricted net assets	\$ 98,778
Temporarily restricted net assets	116,075
Permanently restricted net assets	<u>40,238</u>
	<u>\$ 255,091</u>

Note 6 - Furniture and equipment

Furniture and equipment consisted of the following at December 31, 2015:

Furniture	\$ 18,135
Equipment	<u>24,843</u>
	42,978
Less accumulated depreciation	<u>(39,015)</u>
	<u>\$ 3,963</u>

Note 7 - Beneficial interest in investments held by Community Foundation

Beneficial interest in investments held by Community Foundation represents amounts held at the Greater Green Bay Community Foundation, Inc. In 1993, the Organization entered into an agreement with the Foundation whereby they transferred their endowment investments to the Foundation. These investments are the legal assets of the Foundation with the restriction that the Foundation makes annual distributions to Big Brothers/Big Sisters of Northeastern Wisconsin Inc., in accordance with the Organization's spending policy.

The agreement governing the assets includes a variance power allowing the Foundation to modify the restrictions on distributions from the funds.

The beneficial interest in investments held at Greater Green Bay Community Foundation, Inc. at December 31, 2015 is classified as follows:

Temporarily restricted net assets	\$ 112,539
Permanently restricted net assets	<u>1,054,589</u>
	<u>\$ 1,167,128</u>

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 8 - Investment return

Investment return for 2015 consists of the following:

Realized gain on investments	\$ 21,267
Unrealized loss on investments	(138,296)
Interest and dividends	55,051
Investment fees	(10,926)
	<u>\$ (72,904)</u>

Investment return is recorded on the statement of activities as follows:

Revenues, gains and other support:	
Interest and dividends	\$ 55,051
Net loss on investments, net of investment fees	(127,955)
	<u>\$ (72,904)</u>

Note 9 - Endowment fund

The Organization's endowment fund consists of donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including board-designated funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization has interpreted the State of Wisconsin and Uniform Prudent Management of Institutional Funds Act (UPMIFA) laws as requiring the preservation of the fair value of the original gifts as of the gift date to the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies and has reported as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until appropriated for expenditure by the Organization in a manner consistent with the standard for expenditure prescribed by UPMIFA, at which time they are classified to unrestricted net assets.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 9 - Endowment fund, continued

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The general purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return objectives, risk parameters and spending policy

The Organization has adopted investment and spending policies for endowment funds to maximize total return with a low level of risk. Under the Organization's spending policy, an amount not to exceed five percent of the value of the investments at the beginning of the year is available to draw down. Endowment funds include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor specified periods. The Organization has adopted a policy so that the endowment funds over time provide an average rate of return that results in a consistent inflation-protected rate of return. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed by management in coordination with the Board of Directors to not expose the funds to unacceptable levels of risk.

The balance in the endowment investment fund consists of the following net asset classifications as of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 228,614	\$ 1,094,827	\$ 1,323,441
Board-designated endowment funds	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total funds	<u>\$ 5,500</u>	<u>\$ 228,614</u>	<u>\$ 1,094,827</u>	<u>\$ 1,328,941</u>

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 9 - Endowment fund, continued

The following schedule summarizes the changes in the funds by net asset class for the year ended December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments, December 31, 2014	\$ 10,068	\$ 361,193	\$ 1,094,827	\$ 1,466,088
Contributions	5,080	-	-	5,080
Investment return:				
Interest and dividends	-	50,071	-	50,071
Net unrealized and realized gains/losses	-	(107,538)	-	(107,538)
Investment fees	-	(10,270)	-	(10,270)
Amounts appropriated for expenditure - 2015 distribution	<u>(9,648)</u>	<u>(64,842)</u>	<u>-</u>	<u>(74,490)</u>
Endowment investments, December 31, 2015	<u>\$ 5,500</u>	<u>\$ 228,614</u>	<u>\$ 1,094,827</u>	<u>\$ 1,328,941</u>

Note 10 - Limitation on net assets

The Organization's Board of Directors has chosen to designate \$5,500 of unrestricted net assets for endowment purposes as of December 31, 2015.

Note 11 - Temporarily restricted net assets

Temporarily restricted net assets as of December 31, 2015, consist of the following:

Purpose restrictions:	
Oneida program	\$ 5,500
Match activities	3,109
Volunteer training	175
Door County program	316
Oconto County program	78
Time restrictions:	
Contribution receivable - beneficial interest in charitable remainder trust	43,630
Endowment earnings not yet approved for expenditure	228,614
	<u>\$ 281,422</u>

**BIG BROTHERS/BIG SISTERS OF
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 12 - Permanently restricted net assets

Permanently restricted net assets represent contributions permanently restricted by donors as endowment corpus.

Note 13 - Donated services and materials

The value of donated services and materials included in the statement of activities for the year ended December 31, 2015 are as follows.

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
Printing	\$ 9,230	\$ 1,589	\$ 12,291	\$ 23,110
Event prizes	<u>-</u>	<u>-</u>	<u>6,667</u>	<u>6,667</u>
Total	<u>\$ 9,230</u>	<u>\$ 1,589</u>	<u>\$ 18,958</u>	<u>\$ 29,777</u>

Note 14 - Retirement plan

The Organization has a Simple IRA Plan covering all employees who have earned at least \$5,000 during any two prior years. The Organization matches the employees' contributions up to 3% of annual salary. The Organization contributed \$5,490 to the plan in 2015.

Note 15 - Leases

The Organization leases its office space under an operating lease which expires December 2016. The lease provides for monthly rental payments. Rental expense for the year ended December 31, 2015 was \$31,096. The future minimum lease payments are as follows:

2016	<u>\$ 31,096</u>
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Note 16 - Fair value measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

**BIG BROTHERS/BIG SISTERS OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 16 - Fair value measurements, continued

Level 2 inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets' and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of December 31, 2015:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable remainder trust	\$ -	\$ -	\$ 43,630	\$ 43,630
Beneficial interest in investments held by Community Foundation	-	-	1,167,128	1,167,128
Investments				
Cash equivalents	7,100	-	-	7,100
Mutual funds	202,512	-	-	202,512
Equities	9,817	-	-	9,817
Fixed income funds	35,662	-	-	35,662
	<u>\$ 255,091</u>	<u>\$ -</u>	<u>\$ 1,210,758</u>	<u>\$ 1,465,849</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for beneficial interest in investments held by Community Foundation is determined by reference to quoted market prices provided by the Community Foundation. Fair value for beneficial interest in charitable remainder trust is determined by calculating the net present value of future cash flows using an actuarial calculation.

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

Note 16 - Fair value measurements, continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes the valuation methods are appropriate and consistent with the other market participants, use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Beneficial interest in charitable remainder trust	
Balance, beginning of year	\$ 41,552
Change in present value discount	<u>2,078</u>
Balance, end of year	<u>\$ 43,630</u>
Beneficial interest in investments held by Community Foundation	
Balance, beginning of year	\$ 1,296,834
Return on investment in beneficial interest	(64,864)
Draws	<u>(64,842)</u>
Balance, end of year	<u>\$ 1,167,128</u>