

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

FINANCIAL STATEMENTS

DECEMBER 31, 2016

**BIG BROTHERS/BIG SISTERS OF
NORTHEASTERN WISCONSIN, INC.**
December 31, 2016

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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, 2016, 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, 2016, 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 2015 financial statements, and our report dated March 11, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Green Bay, Wisconsin
April 19, 2017

FINANCIAL STATEMENTS

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

STATEMENT OF FINANCIAL POSITION

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

ASSETS	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 350,731	\$ 481,936
Accounts receivable	-	95
Promises to give	18,007	7,037
Prepaid expenses	3,144	3,204
Beneficial interest in charitable remainder trust	45,811	43,630
Investments	468,874	255,091
Furniture and equipment, net	2,496	3,963
Beneficial interest in investments held by Community Foundation	<u>1,187,104</u>	<u>1,167,128</u>
 Total assets	 <u>\$ 2,076,167</u>	 <u>\$ 1,962,084</u>
 LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts payable	\$ 6,082	\$ 2,166
Accrued expenses	5,261	6,533
Deferred revenue	<u>12,040</u>	<u>325</u>
 Total liabilities	 <u>23,383</u>	 <u>9,024</u>
<u>Net assets</u>		
Unrestricted	646,713	576,811
Temporarily restricted	311,244	281,422
Permanently restricted	<u>1,094,827</u>	<u>1,094,827</u>
Total net assets	<u>2,052,784</u>	<u>1,953,060</u>
 Total liabilities and net assets	 <u>\$ 2,076,167</u>	 <u>\$ 1,962,084</u>

See notes to financial statements.

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	Temporarily Restricted						
	Unrestricted	Contributions	Endowment Investments	Total Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
Revenues, gains and other support							
Contributions	\$ 323,033	\$ 7,181	\$ -	\$ 7,181	\$ -	\$ 330,214	\$ 383,759
United Way allocations	154,476	-	-	-	-	154,476	146,142
Fund raising events	390,341	-	-	-	-	390,341	326,246
Interest and dividend income	7,167	-	40,193	40,193	-	47,360	55,051
Net gain (loss) on investments	(2,064)	-	47,841	47,841	-	45,777	(127,955)
Loss on sale of assets	(138)	-	-	-	-	(138)	(650)
Total revenues, gains and other support	872,815	7,181	88,034	95,215	-	968,030	782,593
Net assets released from restrictions	65,393	(7,037)	(58,356)	(65,393)	-	-	-
	938,208	144	29,678	29,822	-	968,030	782,593
Expenses							
Program services	503,498	-	-	-	-	503,498	461,110
Supporting services							
Management and general	77,659	-	-	-	-	77,659	72,428
Fund raising	287,149	-	-	-	-	287,149	257,408
Total expenses	868,306	-	-	-	-	868,306	790,946
Change in net assets	69,902	144	29,678	29,822	-	99,724	(8,353)
Net assets at beginning of year	576,811	52,808	228,614	281,422	1,094,827	1,953,060	1,961,413
Net assets at end of year	\$ 646,713	\$ 52,952	\$ 258,292	\$ 311,244	\$ 1,094,827	\$ 2,052,784	\$ 1,953,060

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)

	Program Services	Management & General	Fund Raising	2016 Total	2015 Total
Salaries	\$ 275,599	\$ 42,191	\$ 136,256	\$ 454,046	\$ 440,378
Social security taxes	20,035	3,067	9,905	33,007	31,529
Group insurance	34,420	5,269	17,018	56,707	64,618
Retirement	4,149	635	2,051	6,835	5,490
Workers compensation	2,041	312	1,009	3,362	3,249
Unemployment compensation	740	-	-	740	-
Professional fees	2,167	8,126	541	10,834	9,286
Contract services	18,816	1,176	3,528	23,520	22,244
Record checks	876	18	-	894	1,041
Bank fees	-	315	-	315	301
Service fees	-	10	3,540	3,550	2,517
Supplies	1,186	158	1,651	2,995	3,607
Telephone	9,808	613	1,841	12,262	5,959
Postage	2,518	315	1,496	4,329	3,775
Occupancy	23,322	1,555	6,219	31,096	31,096
Equipment rental and maintenance	35,726	2,381	9,527	47,634	10,409
Printing	26,480	374	27,656	54,510	28,958
Travel	4,989	860	2,753	8,602	9,444
Conferences and conventions	263	132	263	658	2,614
Dues	2,469	6,914	494	9,877	10,189
Insurance	14,534	2,725	909	18,168	15,509
Employee business expenses	902	150	452	1,504	2,079
Promotion supplies	-	-	1,954	1,954	11,397
Volunteer appreciation	3,681	230	690	4,601	4,222
Program advertising	9,593	-	-	9,593	7,798
Event fees	-	-	29,327	29,327	24,111
Event prizes	-	-	23,760	23,760	25,539
Miscellaneous	4,068	-	4,176	8,244	6,251
Match activities	4,053	-	-	4,053	4,602
Depreciation	1,063	133	133	1,329	2,734
Total	\$ 503,498	\$ 77,659	\$ 287,149	\$ 868,306	\$ 790,946

See notes to financial statements.

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

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
<u>Operating activities</u>		
Change in net assets	\$ 99,724	\$ (8,353)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net (gain) loss on investments	(45,777)	127,955
Loss on sale of assets	138	650
Depreciation	1,329	2,734
Changes in assets and liabilities		
Accounts receivable	95	124
Promises to give	(10,970)	32,692
Prepaid expenses	60	5,378
Beneficial interest in charitable remainder trust	(2,181)	(2,078)
Accounts payable	3,916	(5,116)
Accrued expenses	(1,272)	1,355
Deferred revenue	11,715	(10,471)
Net cash provided by operating activities	<u>56,777</u>	<u>144,870</u>
<u>Investing activities</u>		
Proceeds from sale of investments	-	19,054
Purchase of investments	(246,338)	(78,721)
Withdrawals from investments	-	9,648
Withdrawals from beneficial interest in investments held by Community Foundation	58,356	64,842
Net cash provided by (used in) investing activities	<u>(187,982)</u>	<u>14,823</u>
Increase (decrease) in cash and cash equivalents	(131,205)	159,693
<u>Cash and cash equivalents:</u>		
Beginning	<u>481,936</u>	<u>322,243</u>
Ending	<u>\$ 350,731</u>	<u>\$ 481,936</u>

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

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, 2016**

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 \$2,500 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, 2016**

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, 2015, 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 April 19, 2017, the date on which the financial statements were available to be issued.

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 \$18,007 as of December 31, 2016 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 \$45,811 as of December 31, 2016.

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 5 - Investments

Investments of \$468,874 held at December 31, 2016, are comprised of \$1,924 of cash equivalents, \$415,027 of mutual funds, \$11,268 of equities, and \$40,655 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, 2016, the investments were allocated as follows:

Unrestricted net assets	\$ 302,859
Temporarily restricted net assets	125,777
Permanently restricted net assets	<u>40,238</u>
	<u>\$ 468,874</u>

Note 6 - Furniture and equipment

Furniture and equipment consisted of the following at December 31, 2016:

Furniture	\$ 18,135
Equipment	<u>23,688</u>
	41,823
Less accumulated depreciation	<u>(39,327)</u>
	<u>\$ 2,496</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, 2016 is classified as follows:

Temporarily restricted net assets	\$ 132,515
Permanently restricted net assets	<u>1,054,589</u>
	<u>\$ 1,187,104</u>

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 8 - Investment return

Investment return for 2016 consists of the following:

Realized loss on investments	\$ (9,768)
Unrealized gain on investments	65,255
Interest and dividends	47,360
Investment fees	(9,710)
	<u>\$ 93,137</u>

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

Revenues, gains and other support:	
Interest and dividends	\$ 47,360
Net gain on investments, net of investment fees	45,777
	<u>\$ 93,137</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, 2016**

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, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 258,292	\$ 1,094,827	\$ 1,353,119
Board-designated endowment funds	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total funds	<u>\$ 5,500</u>	<u>\$ 258,292</u>	<u>\$ 1,094,827</u>	<u>\$ 1,358,619</u>

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 9 - Endowment fund, continued

The following schedule summarizes the changes in the funds by net asset class for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments, December 31, 2015	\$ 5,500	\$ 228,614	\$ 1,094,827	\$ 1,328,941
Contributions	-	-	-	-
Investment return:				
Interest and dividends	-	40,193	-	40,193
Net unrealized and realized gains/losses	-	57,376	-	57,376
Investment fees	-	(9,535)	-	(9,535)
Amounts appropriated for expenditure - 2016 distribution	<u>-</u>	<u>(58,356)</u>	<u>-</u>	<u>(58,356)</u>
Endowment investments, December 31, 2016	<u>\$ 5,500</u>	<u>\$ 258,292</u>	<u>\$ 1,094,827</u>	<u>\$ 1,358,619</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, 2016.

Note 11 - Temporarily restricted net assets

Temporarily restricted net assets as of December 31, 2016, consist of the following:

Purpose restrictions:	
Oneida program	\$ 5,500
Match activities	1,173
Volunteer training	175
Door County program	216
Oconto County program	77
Time restrictions:	
Contribution receivable - beneficial interest in charitable remainder trust	45,811
Endowment earnings not yet approved for expenditure	<u>258,292</u>
	<u>\$ 311,244</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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, 2016 are as follows.

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
Printing	\$ 23,488	\$ -	\$ 23,855	\$ 47,343
Event prizes	<u>-</u>	<u>-</u>	<u>11,880</u>	<u>11,880</u>
Total	<u>\$ 23,488</u>	<u>\$ -</u>	<u>\$ 35,735</u>	<u>\$ 59,223</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 \$6,835 to the plan in 2016.

Note 15 - 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
- 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.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 15 - Fair value measurements, continued

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, 2016:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable remainder trust	\$ -	\$ -	\$ 45,811	\$ 45,811
Beneficial interest in investments held by Community Foundation	-	-	1,187,104	1,187,104
Investments				
Cash equivalents	1,924	-	-	1,924
Mutual funds	415,027	-	-	415,027
Equities	11,268	-	-	11,268
Fixed income funds	40,655	-	-	40,655
	<u>\$ 468,874</u>	<u>\$ -</u>	<u>\$ 1,232,915</u>	<u>\$ 1,701,789</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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 15 - Fair value measurements, continued

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	\$ 43,630
Change in present value discount	<u>2,181</u>
Balance, end of year	<u>\$ 45,811</u>

Beneficial interest in investments held by Community Foundation

Balance, beginning of year	\$1,167,128
Return on investment in beneficial interest	78,332
Draws	<u>(58,356)</u>
Balance, end of year	<u>\$1,187,104</u>