

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**BIG BROTHERS/BIG SISTERS OF  
NORTHEASTERN WISCONSIN, INC.**  
December 31, 2017

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of Big Brothers/Big Sisters of Northeastern Wisconsin, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2017, 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, 2017, 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 2016 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2017. In our opinion, the summarized financial information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Certified Public Accountants

Green Bay, Wisconsin  
April 27, 2018

# **FINANCIAL STATEMENTS**

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

**STATEMENT OF FINANCIAL POSITION  
December 31, 2017**

(With Summarized Financial Information as of December 31, 2016)

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 487,847	\$ 350,731
Accounts receivable	2,808	-
Promises to give	28,170	18,007
Prepaid expenses	913	3,144
Beneficial interest in charitable remainder trust	48,102	45,811
Investments	523,677	468,874
Property and equipment, net	21,379	2,496
Beneficial interest in investments held by Community Foundation	<u>1,291,708</u>	<u>1,187,104</u>
 Total assets	 <u>\$ 2,404,604</u>	 <u>\$ 2,076,167</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<u>Liabilities</u>		
Accounts payable	\$ 4,521	\$ 6,082
Accrued expenses	4,242	5,261
Deferred revenue	<u>26,227</u>	<u>12,040</u>
 Total liabilities	 <u>34,990</u>	 <u>23,383</u>
<u>Net assets</u>		
Unrestricted	834,879	646,713
Temporarily restricted	439,908	311,244
Permanently restricted	<u>1,094,827</u>	<u>1,094,827</u>
Total net assets	<u>2,369,614</u>	<u>2,052,784</u>
 Total liabilities and net assets	 <u>\$ 2,404,604</u>	 <u>\$ 2,076,167</u>

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2017  
(With Summarized Financial Information for the Year Ended December 31, 2016)

	Temporarily Restricted					2017 Total	2016 Total
	Unrestricted	Contributions	Endowment Investments	Total Temporarily Restricted	Permanently Restricted		
<b><u>Revenues, gains and other support</u></b>							
Contributions	\$ 295,129	\$ 7,791	\$ -	\$ 7,791	\$ -	\$ 302,920	\$ 330,214
United Way allocations	157,674	-	-	-	-	157,674	154,476
Fund raising events	391,151	-	-	-	-	391,151	390,341
Interest and dividend income	15,436	-	7,339	7,339	-	22,775	11,926
Net gain on investments	19,577	-	13,182	13,182	-	32,759	2,879
Return on beneficial interest in investments held by Community Foundation	-	-	163,959	163,959	-	163,959	78,332
Loss on sale of assets	-	-	-	-	-	-	(138)
<b>Total revenues, gains and other support</b>	<b>878,967</b>	<b>7,791</b>	<b>184,480</b>	<b>192,271</b>	<b>-</b>	<b>1,071,238</b>	<b>968,030</b>
<b>Net assets released from restrictions</b>	<b>63,607</b>	<b>(4,252)</b>	<b>(59,355)</b>	<b>(63,607)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>942,574</b>	<b>3,539</b>	<b>125,125</b>	<b>128,664</b>	<b>-</b>	<b>1,071,238</b>	<b>968,030</b>
<b><u>Expenses</u></b>							
Program services	437,041	-	-	-	-	437,041	503,498
Supporting services							
Management and general	75,797	-	-	-	-	75,797	77,659
Fund raising	241,570	-	-	-	-	241,570	287,149
<b>Total expenses</b>	<b>754,408</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>754,408</b>	<b>868,306</b>
<b>Change in net assets</b>	<b>188,166</b>	<b>3,539</b>	<b>125,125</b>	<b>128,664</b>	<b>-</b>	<b>316,830</b>	<b>99,724</b>
<b>Net assets at beginning of year</b>	<b>646,713</b>	<b>52,952</b>	<b>258,292</b>	<b>311,244</b>	<b>1,094,827</b>	<b>2,052,784</b>	<b>1,953,060</b>
<b>Net assets at end of year</b>	<b>\$ 834,879</b>	<b>\$ 56,491</b>	<b>\$ 383,417</b>	<b>\$ 439,908</b>	<b>\$ 1,094,827</b>	<b>\$ 2,369,614</b>	<b>\$ 2,052,784</b>

See notes to financial statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>2017 Total</u>	<u>2016 Total</u>
Salaries	\$ 249,931	\$ 40,946	\$ 120,101	\$ 410,978	\$ 454,046
Social security taxes	18,376	3,011	8,830	30,217	33,007
Group insurance	26,213	4,294	12,597	43,104	56,707
Retirement	4,029	660	1,936	6,625	6,835
Workers compensation	1,771	290	851	2,912	3,362
Unemployment compensation	4,274	703	2,053	7,030	740
Professional fees	2,318	8,691	579	11,588	10,834
Contract services	21,830	-	2,425	24,255	23,520
Record checks	1,122	23	-	1,145	894
Bank fees	-	484	-	484	315
Service fees	-	9	3,769	3,778	3,550
Supplies	1,166	140	610	1,916	2,995
Telephone	8,990	562	1,686	11,238	12,262
Postage	1,912	239	847	2,998	4,329
Occupancy	23,322	1,555	6,219	31,096	31,096
Equipment rental and maintenance	22,813	1,630	8,147	32,590	47,634
Printing	4,496	271	10,915	15,682	54,510
Travel	3,255	1,153	2,374	6,782	8,602
Conferences and conventions	1,611	778	389	2,778	658
Dues	2,538	7,107	508	10,153	9,877
Insurance	14,540	2,726	909	18,175	18,168
Employee business expenses	1,149	192	574	1,915	1,504
Promotion supplies	290	-	2,881	3,171	1,954
Volunteer appreciation	3,425	214	642	4,281	4,601
Program advertising	5,945	-	-	5,945	9,593
Event fees	-	-	27,068	27,068	29,327
Event prizes	-	-	21,991	21,991	23,760
Miscellaneous	4,199	-	2,551	6,750	8,244
Match activities	6,577	-	-	6,577	4,053
Depreciation	949	119	118	1,186	1,329
<b>Total</b>	<b>\$ 437,041</b>	<b>\$ 75,797</b>	<b>\$ 241,570</b>	<b>\$ 754,408</b>	<b>\$ 868,306</b>

See notes to financial statements.



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

**STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2017**

(With Summarized Financial Information for the Year Ended December 31, 2016)

	2017	2016
<u>Operating activities</u>		
Change in net assets	\$ 316,830	\$ 99,724
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long-term purposes	(16,291)	(2,181)
Net gain on investments	(32,759)	(2,879)
Loss on sale of assets	-	138
Depreciation	1,186	1,329
Changes in assets and liabilities		
Accounts receivable	(2,808)	95
Promises to give	(10,163)	(10,970)
Prepaid expenses	2,231	60
Accounts payable	(1,561)	3,916
Accrued expenses	(1,019)	(1,272)
Deferred revenue	14,187	11,715
Net cash provided by operating activities	269,833	99,675
<u>Investing activities</u>		
Purchase of property and equipment	(20,069)	-
Proceeds from sale of investments	25	-
Purchase of investments	(22,069)	(210,904)
Withdrawals from beneficial interest in investments held by Community Foundation	59,355	58,356
Net cash provided by (used) in investing activities	17,242	(152,548)
<u>Financing activities</u>		
Increase in beneficial interest in investments held by Community Foundation	(163,959)	(78,332)
Proceeds from contributions restricted for long-term purposes	14,000	-
Net cash used in financing activities	(149,959)	(78,332)
Increase (decrease) in cash and cash equivalents	137,116	(131,205)
<u>Cash and cash equivalents:</u>		
Beginning	350,731	481,936
Ending	\$ 487,847	\$ 350,731

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**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, 2017

**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. Property 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.

M. Income tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. The Organization is also exempt from Wisconsin income taxes.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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

N. 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, 2016, from which the summarized financial information was derived.

December 31, 2016, from which the summarized information was derived.

O. Recent accounting pronouncements

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which amends current financial statements presentation and disclosure requirements. This ASU was presented to simplify the net asset classification requirements and improve the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The standard reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. This standard is effective for annual reporting periods beginning after December 15, 2017. The Organization is currently evaluating the impact of ASU 2016-14 on the Organization's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will supersede all existing U.S. GAAP guidance on revenue recognition and is expected to require the use of more judgment and result in additional disclosures. The FASB has issued several amendments to the original standard, which is effective for annual reporting periods beginning after December 15, 2017. Adoption is to be applied retrospectively. The Organization is currently evaluating the impact of ASU 2014-09 on the Organization's financial statements and has not yet determined its method of adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their statement of financial position as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of activities largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct-financing leases. The standard is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact of ASU 2016-02 on the Organization's financial statements.

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

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

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

**P. Subsequent events**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 27, 2018, 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 \$28,170 as of December 31, 2017 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 \$48,102 as of December 31, 2017.

**Note 5 - Investments**

Investments of \$523,677 held at December 31, 2017, are comprised of \$1,775 of cash equivalents, \$466,182 of mutual funds, \$12,098 of equities, and \$43,622 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, 2017, the investments were allocated as follows:

Unrestricted net assets	\$ 337,141
Temporarily restricted net assets	146,298
Permanently restricted net assets	<u>40,238</u>
	<u>\$ 523,677</u>

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**Note 6 - Property and equipment**

Property and equipment consisted of the following at December 31, 2017:

Furniture	\$ 18,135
Equipment	23,688
Construction in progress	<u>20,069</u>
	61,892
Less accumulated depreciation	<u>(40,513)</u>
	<u>\$ 21,379</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, 2017 is classified as follows:

Temporarily restricted net assets	\$ 237,119
Permanently restricted net assets	<u>1,054,589</u>
	<u>\$ 1,291,708</u>

**Note 8 - Investment return**

Investment return for 2017 consists of the following:

Unrealized gain on investments	\$ 32,909
Interest and dividends	22,775
Investment fees	<u>(150)</u>
	<u>\$ 55,534</u>

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

Revenues, gains and other support:	
Interest and dividends	\$ 22,775
Net gain on investments, net of investment fees	<u>32,759</u>
	<u>\$ 55,534</u>

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

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**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.

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.

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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**Note 9 - Endowment fund, continued**

The balance in the endowment investment fund consists of the following net asset classifications as of December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 383,417	\$ 1,094,827	\$ 1,478,244
Board-designated endowment funds	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
<b>Total funds</b>	<b><u>\$ 5,500</u></b>	<b><u>\$ 383,417</u></b>	<b><u>\$ 1,094,827</u></b>	<b><u>\$ 1,483,744</u></b>

The following schedule summarizes the changes in the funds by net asset class for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments, December 31, 2016	\$ 5,500	\$ 258,292	\$ 1,094,827	\$ 1,358,619
Contributions	-	-	-	-
Investment return:				
Interest and dividends	-	50,356	-	50,356
Net unrealized and realized gains/losses	-	144,300	-	144,300
Investment fees	-	(10,176)	-	(10,176)
Amounts appropriated for expenditure - 2017 distribution	<u>-</u>	<u>(59,355)</u>	<u>-</u>	<u>(59,355)</u>
<b>Endowment investments, December 31, 2017</b>	<b><u>\$ 5,500</u></b>	<b><u>\$ 383,417</u></b>	<b><u>\$ 1,094,827</u></b>	<b><u>\$ 1,483,744</u></b>

**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, 2017.



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

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**Note 11 - Temporarily restricted net assets**

Temporarily restricted net assets as of December 31, 2017, consist of the following:

Purpose restrictions:	
Oneida program	\$ 5,500
Match activities	2,453
Volunteer training	175
Door County program	183
Oconto County program	78
Time restrictions:	
Contribution receivable - beneficial interest in charitable remainder trust	48,102
Endowment earnings not yet approved for expenditure	383,417
	<u>\$ 439,908</u>

**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 financial statements as contributions and the corresponding expense or asset for the year ended December 31, 2017 are as follows.

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
Printing	\$ 2,598	\$ -	\$ 7,234	\$ 9,832
Event prizes	-	-	12,371	12,371
 Total	 <u>\$ 2,598</u>	 <u>\$ -</u>	 <u>\$ 19,605</u>	 22,203
Construction in progress				<u>14,000</u>
 Total				 <u>\$ 36,203</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 \$6,625 to the plan in 2017.

**BIG BROTHERS/BIG SISTERS OF  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**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.

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, 2017:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable remainder trust	\$ -	\$ -	\$ 48,102	\$ 48,102
Beneficial interest in investments held by Community Foundation	-	-	1,291,708	1,291,708
Investments				
Cash equivalents	1,775	-	-	1,775
Mutual funds	466,182	-	-	466,182
Equities	12,098	-	-	12,098
Fixed income funds	43,622	-	-	43,622
	<u>\$ 523,677</u>	<u>\$ -</u>	<u>\$ 1,339,810</u>	<u>\$ 1,863,487</u>

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NORTHEASTERN WISCONSIN, INC.**

NOTES TO FINANCIAL STATEMENTS  
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**Note 15 - Fair value measurements, continued**

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.

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	\$ 45,811
Change in present value discount	<u>2,291</u>
Balance, end of year	<u>\$ 48,102</u>
Beneficial interest in investments held by Community Foundation	
Balance, beginning of year	\$ 1,187,104
Dividends	43,017
Gain, net of costs	120,942
Distribution	<u>(59,355)</u>
Balance, end of year	<u>\$ 1,291,708</u>
Increase in beneficial interest	<u>\$ 163,959</u>