



Big Brothers Big Sisters
of Central Indiana

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2016 and 2015

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

CONTENTS

	Page
FINANCIAL STATEMENTS	
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-15
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report	16
Schedule of Financial Position by Fund	17
Schedule of Activities by Fund	18
Revenue Graphs, Excluding Investment Income	19
Expense Graphs	20

Independent Auditors' Report

Board of Directors
Big Brothers Big Sisters of Central Indiana, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of Central Indiana, Inc., which comprise the statement of financial position as of June 30, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Central Indiana, Inc. as of June 30, 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 Comparative Information

We have previously audited Big Brothers Big Sisters of Central Indiana, Inc.'s 2015 financial statements, and our report dated September 17, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 15, 2016

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and equivalents	\$ 735,465	\$ 763,567
Accounts receivable	10,405	
Grants receivable	82,442	28,152
Pledges receivable, net of allowance	30,498	23,461
Prepaid expenses	44,636	50,332
Total Current Assets	<u>903,446</u>	<u>865,512</u>
LONG-TERM ASSETS		
Pledges receivable, net of allowance	900	9,000
Property and equipment, net	56,778	59,986
Cash and equivalents reserved for future contingencies	603,400	602,894
Endowment fund and other investments, including permanently restricted of \$292,963 in 2016 and \$213,969 in 2015	1,055,562	1,080,055
Total Long-term Assets	<u>1,716,640</u>	<u>1,751,935</u>
TOTAL ASSETS	<u><u>\$ 2,620,086</u></u>	<u><u>\$ 2,617,447</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 35,983	\$ 30,257
Accrued expenses	43,945	1,341
Deferred revenue	156,166	85,470
Total Current Liabilities	<u>236,094</u>	<u>117,068</u>
NET ASSETS		
Unrestricted	1,357,580	1,511,141
Unrestricted - board designated	500,776	542,183
Total Unrestricted	<u>1,858,356</u>	<u>2,053,324</u>
Temporarily restricted	232,673	233,086
Permanently restricted	292,963	213,969
Total Net Assets	<u>2,383,992</u>	<u>2,500,379</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,620,086</u></u>	<u><u>\$ 2,617,447</u></u>

See accompanying notes.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

With Summarized Comparative Information for Year Ended June 30, 2015

	2016			Total	2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
REVENUES AND OTHER SUPPORT					
Direct Public Support:					
Special events revenue	\$ 660,401			\$ 660,401	\$ 532,878
Special events expenses	(191,391)			(191,391)	(196,019)
Net special events	<u>469,010</u>			<u>469,010</u>	<u>336,859</u>
Contributions and pledges	706,492	\$ 37,500	\$ 78,994	822,986	730,179
Grants - non-governmental	195,379	118,301		313,680	198,960
In-kind donations	167,343			167,343	191,462
Indirect Public Support:					
Allocated by United Way of Central Indiana and United Way of Johnson County	<u>491,418</u>	<u>23,846</u>		<u>515,264</u>	<u>540,815</u>
Total Public Support	<u>2,029,642</u>	<u>179,647</u>	<u>78,994</u>	<u>2,288,283</u>	<u>1,998,275</u>
Grants from Governmental Agencies	45,490			45,490	74,567
Investment Income (Loss)	(3,534)	(689)		(4,223)	44,732
Net Assets Released from Restrictions	<u>179,371</u>	<u>(179,371)</u>			
Total Revenues and Other Support	<u>2,250,969</u>	<u>(413)</u>	<u>78,994</u>	<u>2,329,550</u>	<u>2,117,574</u>
EXPENSES					
Program services	1,968,111			1,968,111	1,978,503
Support services:					
Management and general	234,505			234,505	232,083
Fundraising	<u>243,321</u>			<u>243,321</u>	<u>226,732</u>
Total Expenses	<u>2,445,937</u>			<u>2,445,937</u>	<u>2,437,318</u>
CHANGE IN NET ASSETS	(194,968)	(413)	78,994	(116,387)	(319,744)
NET ASSETS					
Beginning of Year	<u>2,053,324</u>	<u>233,086</u>	<u>213,969</u>	<u>2,500,379</u>	<u>2,820,123</u>
End of Year	<u>\$ 1,858,356</u>	<u>\$ 232,673</u>	<u>\$ 292,963</u>	<u>\$ 2,383,992</u>	<u>\$ 2,500,379</u>

See accompanying notes.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

With Summarized Comparative Information for Year Ended June 30, 2015

	2016			2015	
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 1,135,201	\$ 125,511	\$ 142,191	\$ 1,402,903	\$ 1,341,359
Employee health and pension benefits	179,065	21,218	22,429	222,712	215,621
Payroll taxes	84,710	9,366	10,610	104,686	108,664
Total	<u>1,398,976</u>	<u>156,095</u>	<u>175,230</u>	<u>1,730,301</u>	<u>1,665,644</u>
Professional fees and contract services	18,115	40,877	6,298	65,290	109,743
Occupancy	126,300	15,788	15,788	157,876	159,258
Office expenses	35,040	4,016	20,937	59,993	71,463
Information technology	92,860	9,907	12,081	114,848	94,482
Transportation	16,478	361	1,016	17,855	16,599
Conferences and meetings	5,275	265	821	6,361	7,881
Program expense	182,294			182,294	199,411
Assistance to others	24,994			24,994	31,113
Marketing and communications	12,932	339	4,100	17,371	13,723
Insurance	24,999	3,125	3,125	31,249	32,462
Miscellaneous	886	111	304	1,301	1,163
Total	<u>540,173</u>	<u>74,789</u>	<u>64,470</u>	<u>679,432</u>	<u>737,298</u>
Depreciation and amortization	16,429	2,054	2,054	20,537	19,369
Payments to Big Brothers Big Sisters of America	<u>12,533</u>	<u>1,567</u>	<u>1,567</u>	<u>15,667</u>	<u>15,007</u>
Total Expenses before Special Events Expenses	<u>1,968,111</u>	<u>234,505</u>	<u>243,321</u>	<u>2,445,937</u>	<u>2,437,318</u>
Special events direct expenses netted with revenues on statement of activities			<u>191,391</u>	<u>191,391</u>	<u>196,019</u>
TOTAL EXPENSES	<u><u>\$ 1,968,111</u></u>	<u><u>\$ 234,505</u></u>	<u><u>\$ 434,712</u></u>	<u><u>\$ 2,637,328</u></u>	<u><u>\$ 2,633,337</u></u>
TOTAL, YEAR ENDED JUNE 30, 2015	<u><u>\$ 1,978,503</u></u>	<u><u>\$ 232,083</u></u>	<u><u>\$ 422,751</u></u>		

See accompanying notes.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING ACTIVITIES		
Cash received from grantors and others	\$ 2,173,494	\$ 1,932,971
Cash paid to employees and suppliers	(2,204,031)	(2,209,671)
Investment income received	21,057	19,693
Net Cash Used by Operating Activities	<u>(9,480)</u>	<u>(257,007)</u>
INVESTING ACTIVITIES		
Capital expenditures	(17,329)	(9,229)
Purchases of investments	(247,561)	(579,506)
Proceeds from investments	246,268	565,322
Net Cash Used by Investing Activities	<u>(18,622)</u>	<u>(23,413)</u>
NET DECREASE IN CASH AND EQUIVALENTS	(28,102)	(280,420)
CASH AND EQUIVALENTS		
Beginning of Year	<u>763,567</u>	<u>1,043,987</u>
End of Year	<u>\$ 735,465</u>	<u>\$ 763,567</u>
Reconciliation of Change in Net Assets to Net Cash Used by Operating Activities		
Change in net assets	\$ (116,387)	\$ (319,744)
Depreciation and amortization	20,537	19,369
Unrealized loss on investments	52,263	36,164
Realized gain on investments	(26,983)	(61,203)
(Increase) decrease in certain assets:		
Accounts receivable	(10,405)	7,112
Grants receivable	(54,290)	3,063
Pledges receivable	1,063	(14,054)
Prepaid expenses	5,696	19,806
Increase (decrease) in certain liabilities:		
Accounts payable	5,726	(3,107)
Accrued expenses	42,604	117
Deferred revenue	70,696	55,470
Net Cash Used by Operating Activities	<u>\$ (9,480)</u>	<u>\$ (257,007)</u>

See accompanying notes.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Brothers Big Sisters of Central Indiana, Inc. (BBBSCI or the Organization) provides children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. BBBSCI partners with parents/guardians, volunteers, schools, and other community stakeholders to help youth achieve socio-emotional competency, increase educational success and avoid risky behaviors. Using an evidence-based approach, BBBSCI recruits, screens, matches and trains adult volunteers to mentor youth ages 8 to 18 who will benefit the most. Mentors (Bigs) and mentees (Littles) meet at least four hours per month for a minimum of one year and are provided ongoing professional staff support from the agency through regularly scheduled phone calls, meetings, and agency-sponsored activities. United Way recognizes BBBSCI as an excellent organization for performance and results. BBBSCI was proud to serve 1,140 Central Indiana girls and boys during the 2015-2016 year.

Charity Navigator, America's largest and most-utilized independent evaluator of charities, has awarded BBBSCI the prestigious 4-star rating for good governance, sound fiscal management and commitment to accountability and transparency.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

Financial Statement Presentation: As required by accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The Organization has an Operating Fund and Endowment Fund. The Operating Fund is designated as the current day-to-day operations of the Organization. The Endowment Fund holds assets that are for future purposes only. All contributions to the Endowment Fund are invested and earnings are used for the support of the Organization or for scholarships, depending on donor intent. A portion of the donations have been donated to be held in perpetuity and accordingly are recorded as permanently restricted. Additionally, a portion of the funds have been designated by the Board of Directors for use in future needs and are recorded as unrestricted. The temporarily restricted portion represents the interest from permanently restricted funds coupled with donations to be used for support of the Organization and scholarships.

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2015, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents: For the statement of cash flows, the Organization considers instruments maturing in three months or less to be cash equivalents. Cash and equivalents exclude the reserve for future contingencies, which is recorded as a long-term asset. The reserve for future contingencies represents the portion of cash and equivalents that the Organization has set aside for long-term use. As of June 30, 2016 and 2015, \$603,400 and \$602,894 was allocated to the reserve for future contingencies, respectively.

The Organization has maintained cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at June 30, 2016 and 2015. The Organization has not experienced any losses in such accounts.

Investment Valuation and Income Recognition: The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes dividends, interest, and realized and unrealized gains and losses.

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 and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the Organization's financial statements.

Contributions and Pledges are recognized when the donor makes an unconditional promise to give to the Organization and are recorded at their fair values as revenues and assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization has an allowance for uncollectible pledges receivable. The allowance is based on management's analysis and collections history of specific promises made.

For the years ended June 30, 2016 and 2015, the Organization received approximately 22% and 26%, respectively, of its support and revenue from United Way of Central Indiana, Inc. and United Way of Johnson County, Inc.

Pledges receivable consisted of the following at June 30, 2016 and 2015:

	2016	2015
Due in less than one year	\$33,198	\$25,461
Due in one to five years	<u>1,000</u>	<u>10,000</u>
	34,198	35,461
Less: Allowance for uncollectible pledges receivable	<u>(2,800)</u>	<u>(3,000)</u>
Pledges Receivable, net	<u>\$31,398</u>	<u>\$32,461</u>

Of the Organization's gross pledges receivable balance, approximately 29% was due from one individual at June 30, 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment consisted of the following at June 30, 2016 and 2015:

	2016	2015
Furniture and equipment	\$ 363,078	\$ 419,584
Leasehold improvements	<u>17,220</u>	<u>17,220</u>
Total Cost	380,298	436,804
Less: Accumulated depreciation and amortization	<u>(323,520)</u>	<u>(376,818)</u>
Property and Equipment, net	<u>\$ 56,778</u>	<u>\$ 59,986</u>

Property and equipment are recorded at cost. The carrying amount of assets sold, retired, or otherwise disposed of and the related accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is included in income or expense.

Depreciation of property and equipment is provided by monthly charges to expense. The charges are calculated to amortize, on a straight-line basis, the gross carrying amounts of the depreciable assets over the expected useful lives of the various classes of assets. The ranges of estimated useful lives in computing depreciation are:

Furniture and equipment	3-10 years
Leasehold improvements	10-20 years

Expenditures for major replacements are capitalized. Expenditures for routine repairs and maintenance are expensed as incurred.

Net Asset Classifications: The Organization maintains the following classifications of net assets:

- *Unrestricted Net Assets* include revenue and expenses from the regular operations of the Organization, the uses of which are at the discretion of management and the Board of Directors.
- *Temporarily Restricted Net Assets* include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors. When a donor restriction is expended, or when a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were temporarily restricted net assets of \$232,673 and \$233,086 at June 30, 2016 and 2015, respectively.
- *Permanently Restricted Net Assets* include assets of the Organization in the form of an endowment for which the donor has stipulated that the contribution be maintained in perpetuity. Donor imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. Permanently restricted net assets were \$292,963 and \$213,969 at June 30, 2016 and 2015, respectively.

Recognition of Revenue: Revenues are recognized in the year in which they are earned. Deferred revenue represents revenue received prior to the fiscal year end, which is applicable to the subsequent fiscal year.

Expense Allocation: Expenses have been classified as program services, management and general and fundraising based on the actual direct expenditures. Cost allocations for indirect costs are based on estimates of time and usage by the Organization's personnel and programs.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax expense for fiscal years 2016 and 2015.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization files U.S. federal and state of Indiana information tax returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for tax years before 2012.

Subsequent Events: The Organization has evaluated the financial statements for subsequent events occurring through September 15, 2016, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy 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) and the lowest priority to unobservable inputs (Level 3). The asset or 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 three levels of the fair value hierarchy 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 may 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; and/or 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. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Organization for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Mutual Fund Shares and Money Market Fund Shares: Valued at the closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Assets Held at Community Foundation: Valued based on the unit price reported by the Community Foundation. Generally, the unit price is based on quoted market prices of the underlying investments owned.

The preceding methods 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's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2016 and 2015:

2016	Level 1	Level 2	Total
Assets			
Cash Equivalents:			
Money market fund shares	<u>\$ 714,279</u>		<u>\$ 714,279</u>
Endowment Fund and Other Investments:			
Mutual fund shares:			
Fixed income funds	370,655		370,655
Common stocks:			
Capital goods	40,836		40,836
Consumer cyclicals	22,825		22,825
Consumer staples	37,627		37,627
Energy	173,375		173,375
Financials	37,577		37,577
Intermediate goods and services	76,998		76,998
Utilities	106,858		106,858
Other	47,288		47,288
Assets Held at Community Foundation		<u>\$133,656</u>	<u>133,656</u>
Total Endowment Fund and Other Investments	<u>914,039</u>	<u>133,656</u>	<u>1,047,695</u>
 Total Assets at Fair Value	 <u>\$1,628,318</u>	 <u>\$133,656</u>	 <u>\$1,761,974</u>
 2015			
Assets			
Cash Equivalents:			
Money market fund shares	<u>\$ 935,704</u>		<u>\$ 935,704</u>
Endowment Fund and Other Investments:			
Mutual fund shares:			
Fixed income funds	366,930		366,930
Large cap funds	28,811		28,811
Mid cap funds	64,553		64,553
Small cap funds	21,139		21,139
International funds	91,437		91,437
Other	10,003		10,003
Common stocks:			
Consumer discretionary	46,294		46,294
Consumer staples	37,786		37,786
Energy	21,132		21,132
Financials	47,906		47,906
Healthcare	44,563		44,563
Industrials	37,602		37,602
Information technology	76,406		76,406
Foreign stocks	26,527		26,527
Other	12,441		12,441
Assets Held at Community Foundation		<u>\$138,661</u>	<u>138,661</u>
Total Endowment Fund and Other Investments	<u>933,530</u>	<u>138,661</u>	<u>1,072,191</u>
 Total Assets at Fair Value	 <u>\$1,869,234</u>	 <u>\$138,661</u>	 <u>\$2,007,895</u>

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization also holds a life insurance policy, with a cash surrender value of \$7,867 and \$7,864 at June 30, 2016 and 2015, respectively, that is not included above, but is included in endowment fund and other investments on the statements of financial condition.

The Organization also holds cash of \$624,586 and \$430,757 at June 30, 2016 and 2015, respectively, which is not included above, but is included in either cash and equivalents or cash equivalents reserved for future contingencies on the statements of financial position.

At June 30, 2016 and 2015, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis.

The unrealized gain on investments was \$81,090 and \$133,353 at June 30, 2016 and 2015, respectively.

NOTE 3 - ENDOWMENT FUNDS AND OTHER INVESTMENTS

The Organization's endowment funds consist of donor-restricted contributions that were made to provide a source of income for operations and scholarships to program participants. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are board designated assets for the endowment.

The Organization also holds an endowment through the Central Indiana Community Foundation (CICF). The principal amount will permanently remain with CICF, with investment income earned on the investment to be paid back to the Organization. Future donations made to the CICF endowment will continue to remain permanently with CICF, with income earned on those donations to be paid to the Organization as described above.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The 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 the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization.

NOTE 3 - ENDOWMENT FUNDS AND OTHER INVESTMENTS (CONTINUED)

Changes in endowment net assets are as follows for the years ended June 30, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2014	\$544,148	\$ 77,144	\$213,969	\$835,261
Contributions	5,000	250		5,250
Released from endowment		(23,049)		(23,049)
Transfer to Operating Fund	(34,000)			(34,000)
Investment income	15,719	1,694		17,413
Unrealized loss	(32,620)	(3,520)		(36,140)
Realized gain	55,287	5,966		61,253
Allowable endowment expenses	<u>(11,351)</u>	<u> </u>	<u> </u>	<u>(11,351)</u>
Balance at June 30, 2015	542,183	58,485	213,969	814,637
Contributions		35,500	78,994	114,494
Released from endowment		(12,442)		(12,442)
Transfer to Operating Fund	(25,000)			(25,000)
Investment income	16,663	2,830		19,493
Unrealized loss	(45,017)	(7,271)		(52,288)
Realized gain	23,251	3,752		27,003
Allowable endowment expenses	<u>(11,304)</u>	<u> </u>	<u> </u>	<u>(11,304)</u>
Balance at June 30, 2016	<u>\$500,776</u>	<u>\$ 80,854</u>	<u>\$292,963</u>	<u>\$874,593</u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on long-term growth and a reasonable return.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy whereby the interest earned on the endowment account may be disbursed for possible expenses by the Board of Directors. Once appropriated for a particular reason, the funds then become unrestricted in nature.

Other Endowment Fund Investments

The Organization's endowment net assets consisted of cash and equivalents of \$20,031 and endowment fund and other investments of \$854,562, totaling \$874,593 at June 30, 2016. The Organization's endowment net assets consisted of cash and equivalents of \$12,619 and endowment fund and other investments of \$802,018, totaling \$814,637 at June 30, 2015. The Organization also holds other investments that are not board designated of \$201,000 and \$278,037 at June 30, 2016 and 2015, respectively.

NOTE 4 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) retirement savings plan for the benefit of substantially all its employees. The Organization matched employee’s contributions up to 1% of employees’ salary and contributed 2% as a discretionary match during the years ended June 30, 2016 and 2015.

A participant’s matching contributions are 100% vested upon completion of three years of service or upon attainment of early retirement age. Total expense for this Plan was \$29,598 and \$31,931 for the years ended June 30, 2016 and 2015, respectively.

NOTE 5 - DONATED GOODS AND SERVICES

The Organization is required to record the fair value of donated services when the services create or enhance a nonfinancial asset or require specialized skills, are provided by entities or persons possessing those skills, and would otherwise need to be purchased if they were not donated. During the years ended June 30, 2016 and 2015, donated goods and professional services were received by the Organization. The estimated fair market value of these goods and services in the amount of \$167,343 and \$191,462 for the years ended June 30, 2016 and 2015, respectively, have been reflected in the accompanying financial statements, and treated as non-cash transactions for statement of cash flow purposes. Additionally, there were \$63,839 and \$30,753 of goods and services donated in connection with special events for the years ended June 30, 2016 and 2015, respectively.

Other donated services that have not been reflected in the financial statements, due to not meeting the recognition criteria, include over 86,000 hours of volunteer service by the Organization’s mentors during the year ended June 30, 2016 and over 3,100 hours of volunteer service by the Organization’s Board of Directors during the year ended June 30, 2016.

NOTE 6 - OPERATING LEASES

The Organization conducts its operations from a facility under a lease through March 31, 2018. The Organization leases other office equipment under operating leases which expire on various dates through September 2018. During the years ended June 30, 2016 and 2015, total lease expense was \$167,701 and \$174,212, respectively.

As of June 30, 2016, future minimum lease commitments for long-term operating leases are as follows:

Year Ending June 30,	Rental Payments
2017	\$165,639
2018	136,610
2019	<u>450</u>
	<u>\$302,699</u>

NOTE 7 - LINE OF CREDIT

The Organization has a \$300,000 line of credit with a bank that is due on demand. The line of credit is collateralized by unrestricted funds. At June 30, 2016 and 2015, there were no amounts outstanding on the line of credit. Interest on outstanding borrowings is payable monthly at an interest rate of prime less 0.5% (3.0% at June 30, 2016). The line of credit expires on May 20, 2018. During the years ended June 30, 2016 and 2015, the Organization incurred no interest expense.

NOTE 8 - RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015, were available for the following purposes or periods:

	2016	2015
United Way – restricted for use within Johnson County	\$ 23,846	\$ 21,462
Pledges with time restriction	12,000	21,000
Earnings from permanently restricted funds restricted for scholarships	46,084	58,485
Gary Ford Memorial Match Fund – match one child per year	34,770	
Robert Clifford Memorial	18,119	
Legacy Fund (CICF) – restricted for use within Hamilton County	7,400	
Lilly Endowment – six sigma project and strategic planning		90,693
The Opus Foundation – six sigma match intentionality project		25,000
Nina Mason Pulliam Trust – Martindale-Brightwood Neighborhood Impact Initiative	78,125	
Miscellaneous	<u>12,329</u>	<u>16,446</u>
Total Temporarily Restricted Net Assets	<u>\$232,673</u>	<u>\$233,086</u>

Net assets were released from donor restrictions during the years ended June 30, 2016 and 2015, by incurring expenses satisfying the following restricted purposes or by occurrence of other events specified by donors:

	2016	2015
Purpose Restrictions Accomplished:		
The Glick Fund (CICF) – “Make a Match” campaign		\$ 10,000
Lilly Endowment – six sigma project and strategic planning	\$ 90,693	152,417
United Way – restricted for use within Johnson County	21,462	20,667
Nina Mason Pulliam Trust – Martindale-Brightwood Neighborhood Impact Initiative		25,000
The Opus Foundation – six sigma match intentionality project	25,000	
Miscellaneous	18,774	18,323
Earnings from permanently restricted funds restricted for scholarships	<u>12,442</u>	<u>23,049</u>
	168,371	249,456
Time Restrictions Expired	<u>11,000</u>	<u>1,000</u>
Total Net Assets Released From Restrictions	<u>\$179,371</u>	<u>\$250,456</u>

Permanently restricted net assets at June 30, 2016 and 2015, were restricted for:

	2016	2015
General support of the Organization	\$271,843	\$192,849
Scholarships	16,120	16,120
Outdoor education or trade skills	<u>5,000</u>	<u>5,000</u>
Total Permanently Restricted Net Assets	<u>\$292,963</u>	<u>\$213,969</u>

SUPPLEMENTARY INFORMATION

*Independent Auditors' Report
on Supplementary Information*

Board of Directors
Big Brothers Big Sisters of Central Indiana, Inc.

We have audited the financial statements of Big Brothers Big Sisters of Central Indiana, Inc. as of and for the year ended June 30, 2016, and our report thereon dated September 15, 2016, which contained an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position by fund, schedule of activities by fund, revenue graph, excluding investment income, and expense graph as of and for the year ended June 30, 2016, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2016 financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Big Brothers Big Sisters of Central Indiana, Inc. as of and for the year ended June 30, 2015, and we expressed an unmodified opinion on those financial statements. The audit was conducted for purposes of forming an opinion on the financial statements as a whole. The revenue graph, excluding investment income, and expense graph for the year ended June 30, 2015, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 financial statements or to the 2015 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information included in the revenue graph and expense graph for the year ended June 30, 2015 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 15, 2016

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

SCHEDULE OF FINANCIAL POSITION BY FUND

June 30, 2016

ASSETS

	Operating Fund	Endowment Fund	Total
CURRENT ASSETS			
Cash and equivalents	\$ 715,434	\$ 20,031	\$ 735,465
Accounts receivable	10,405		10,405
Grants receivable	82,442		82,442
Pledges receivable, net of allowance	30,498		30,498
Prepaid expenses	44,636		44,636
Total Current Assets	<u>883,415</u>	<u>20,031</u>	<u>903,446</u>
LONG-TERM ASSETS			
Pledges receivable, net of allowance	900		900
Property and equipment, net	56,778		56,778
Cash and equivalents reserved for future contingencies	603,400		603,400
Endowment fund and other investments, including permanently restricted of \$292,963	201,000	854,562	1,055,562
Total Long-term Assets	<u>862,078</u>	<u>854,562</u>	<u>1,716,640</u>
TOTAL ASSETS	<u>\$ 1,745,493</u>	<u>\$ 874,593</u>	<u>\$ 2,620,086</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	\$ 35,983		\$ 35,983
Accrued expenses	43,945		43,945
Deferred revenue	156,166		156,166
Total Current Liabilities	<u>236,094</u>		<u>236,094</u>
NET ASSETS			
Unrestricted	1,357,580		1,357,580
Unrestricted - board designated		\$ 500,776	500,776
Total Unrestricted	<u>1,357,580</u>	<u>500,776</u>	<u>1,858,356</u>
Temporarily restricted	151,819	80,854	232,673
Permanently restricted		292,963	292,963
Total Net Assets	<u>1,509,399</u>	<u>874,593</u>	<u>2,383,992</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,745,493</u>	<u>\$ 874,593</u>	<u>\$ 2,620,086</u>

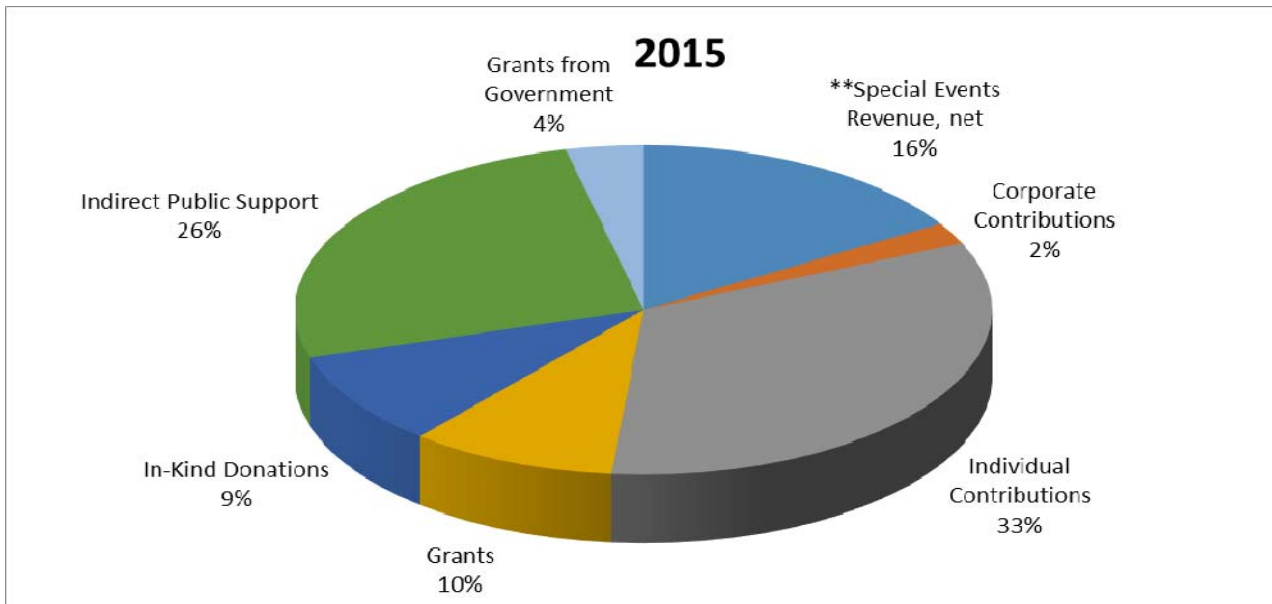
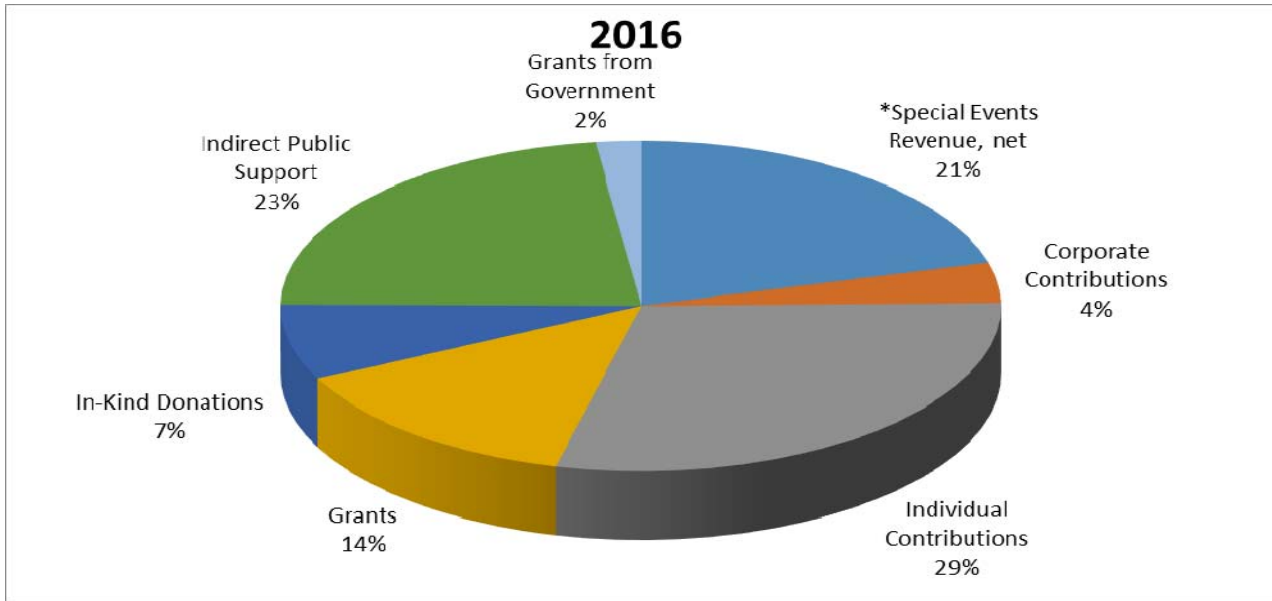
BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

SCHEDULE OF ACTIVITIES BY FUND
Year Ended June 30, 2016

	OPERATING FUND				ENDOWMENT FUND				Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
REVENUES AND OTHER SUPPORT									
Direct Public Support:									
Special events revenue	\$ 660,401			\$ 660,401					\$ 660,401
Special events expenses	(191,391)			(191,391)					(191,391)
Net special events	469,010			469,010					469,010
Contributions and pledges	706,492	\$ 2,000		708,492	\$ 35,500	\$ 78,994	\$ 114,494		822,986
Grants - non-governmental	195,379	118,301		313,680					313,680
In-kind donations	167,343			167,343					167,343
Indirect Public Support:									
Allocated by United Way of Central Indiana and United Way of Johnson County	491,418	23,846		515,264					515,264
Total Public Support	2,029,642	144,147		2,173,789		35,500	78,994	114,494	2,288,283
Grants from Governmental Agencies	45,490			45,490					45,490
Investment Income (Loss)	1,569			1,569	\$ (5,103)	(689)		(5,792)	(4,223)
Net Assets Released from Restrictions	166,929	(166,929)			12,442	(12,442)			
Total Revenues and Other Support	2,243,630	(22,782)		2,220,848	7,339	22,369	78,994	108,702	2,329,550
EXPENSES									
Program services	1,968,111			1,968,111					1,968,111
Support services:									
Management and general	223,201			223,201	11,304			11,304	234,505
Fundraising	243,321			243,321					243,321
Total Expenses	2,434,633			2,434,633	11,304			11,304	2,445,937
CHANGE IN NET ASSETS	(191,003)	(22,782)		(213,785)	(3,965)	22,369	78,994	97,398	(116,387)
TRANSFER OF NET ASSETS BETWEEN FUNDS	37,442			37,442	(37,442)			(37,442)	
NET ASSETS									
Beginning of Year	1,511,141	174,601		1,685,742	542,183	58,485	213,969	814,637	2,500,379
End of Year	\$ 1,357,580	\$ 151,819	\$ -	\$ 1,509,399	\$ 500,776	\$ 80,854	\$ 292,963	\$ 874,593	\$ 2,383,992

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

REVENUE GRAPHS, EXCLUDING INVESTMENT INCOME
Years Ended June 30, 2016 and 2015



*In 2016, 76% of the special events revenue were corporate contributions with the remaining 24% from individual contributions.

**In 2015, 80% of the special events revenue were corporate contributions with the remaining 20% from individual contributions.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

EXPENSE GRAPHS
Years Ended June 30, 2016 and 2015

