

**BIG BROTHERS BIG SISTERS
OF SOUTHWESTERN ILLINOIS**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Brothers Big Sisters of Southwestern Illinois

We have audited the accompanying financial statements of Big Brothers Big Sisters of Southwestern Illinois (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Southwestern Illinois as of December 31, 2018, 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.

Fick, Eggemeyer, & Williamson CPAs
Saint Louis, MO
March 5, 2019

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	141,705
Prepaid expenses		<u>4,327</u>
Total current assets		<u>146,032</u>

NONCURRENT ASSETS

Fixed assets		
Furniture and equipment		6,434
Accumulated depreciation		<u>(5,235)</u>
Total fixed assets, net		1,199
Total noncurrent assets		<u>1,199</u>
Total assets	\$	<u><u>147,231</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	2,957
Credit card payable		<u>457</u>
Total current liabilities		<u>3,414</u>

NONCURRENT LIABILITIES

None		<u>-</u>
Total noncurrent liabilities		<u>-</u>
Total liabilities		<u>3,414</u>

NET ASSETS

Without donor restriction		143,817
With donor restriction		<u>-</u>
Total net assets		<u>143,817</u>
Total liabilities and net assets	\$	<u><u>147,231</u></u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2018

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 118,339	\$ -	\$ 118,339
Grants	138,845	-	138,845
Special events	195,885	-	195,885
Raffles	180,575	-	180,575
Miscellaneous	2,995	-	2,995
Total support and revenue	<u>636,639</u>	<u>-</u>	<u>636,639</u>
Net assets released from restrictions			
Satisfaction of restrictions	6,000	(6,000)	-
Total	<u>642,639</u>	<u>(6,000)</u>	<u>636,639</u>
EXPENSES			
Program expenses	286,407	-	286,407
Total program expenses	<u>286,407</u>	<u>-</u>	<u>286,407</u>
Support expenses			
General and administration	70,310	-	70,310
Fundraising	235,195	-	235,195
Total support expenses	<u>305,505</u>	<u>-</u>	<u>305,505</u>
Total expenses	<u>591,912</u>	<u>-</u>	<u>591,912</u>
Changes in net assets from operations	<u>50,727</u>	<u>(6,000)</u>	<u>44,727</u>
INVESTMENT ACTIVITIES			
Interest income	94	-	94
Total investment activities	<u>94</u>	<u>-</u>	<u>94</u>
Changes in net assets	50,821	(6,000)	44,821
Net assets - beginning of year	<u>92,996</u>	<u>6,000</u>	<u>98,996</u>
Net assets - end of year	<u>\$ 143,817</u>	<u>\$ -</u>	<u>\$ 143,817</u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program	General and Administration	Fundraising	Total
Salaries	\$ 156,210	\$ 49,372	\$ 67,866	\$ 273,448
Benefits and taxes	26,346	8,327	11,446	46,119
Contractors	28,625	9,047	12,436	50,108
Insurance	9,920	420	-	10,340
Office	4,939	549	14,231	19,719
Program	3,340	-	-	3,340
Professional fees	4,931	-	-	4,931
Dues	17,389	-	-	17,389
Special events	-	-	29,857	29,857
Raffles	-	-	97,322	97,322
Advertising	-	-	372	372
Utilities	7,024	390	390	7,804
Rent	22,950	1,275	1,275	25,500
Meetings	1,315	-	-	1,315
Travel	3,418	-	-	3,418
Depreciation	-	930	-	930
TOTAL	<u>\$ 286,407</u>	<u>\$ 70,310</u>	<u>\$ 235,195</u>	<u>\$ 591,912</u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 44,821
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	930
Changes in assets and liabilities:	
(Increase) decrease in prepaid expenses	(1,902)
Increase (decrease) in accounts payable	1,784
Increase (decrease) in credit card payable	<u>457</u>
Net cash provided by (used in) operating activities	<u>46,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of equipment	<u>(1,499)</u>
Net cash provided by (used in) investing activities	<u>(1,499)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
None	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>44,591</u>
Cash and cash equivalents - beginning of year	<u>97,114</u>
Cash and cash equivalents - end of year	<u><u>\$ 141,705</u></u>

See accompanying notes and independent auditors' report

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

Big Brothers Big Sisters of Southwestern Illinois (the Organization) was created as a nonprofit organization. The mission of Big Brothers Big Sisters of Southwestern Illinois is to provide children from single-parent families with volunteer mentors. The mentor program extends to area schools to promote the health, social, educational and character development of boys and girls in the Belleville, Illinois area. Grants, fundraising, donations, and program fees provide funding for these activities.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Basis of Accounting

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

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investments and other activities considered to be of a more unusual or nonrecurring nature.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2010. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2018, no amounts have been recognized for uncertain tax positions. The Organization's tax returns filed prior to 2015 are closed.

Fixed Assets and Depreciation

The Organization capitalized all expenditures for fixed assets in excess of \$1,000. Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which is five years for the current list of fixed assets. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation expense for the year ended December 31, 2018 was \$930.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

Contributed Services

A number of volunteers contribute services to the Organization. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between fundraising, administration or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

NOTE 3 - LEASES

The Organization rents its office space at 2726 Frank Scott Parkway under a lease agreement. The lease was entered into on February 1, 2014 and expires January 31, 2019. This five-year lease requires monthly payments of \$2,125.

In November 2018, the Organization renewed its copier lease for five years with Xerox Corporation. The lease expires on December 30, 2023 and has minimum monthly lease payments of \$134.

As of December 31, 2018, the future minimum leases payments follow:

Year ending December 31	
2019	\$ 3,733
2020	1,608
2021	1,608
2022	1,608
2023	1,608
Total	<u>\$ 10,165</u>

Lease expense associated with these leases was \$28,037 for the year ending December 31, 2018.

BIG BROTHERS BIG SISTERS OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - LINE OF CREDIT

The Organization maintains a \$150,000 line of credit with Community First Bank that matures on May 14, 2019. The line of credit carries an interest rate of 4%. As of December 31, 2018, the credit line balance was \$0.

NOTE 5 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2018:

Financial assets at year-end:	
Cash and cash equivalents	\$ 141,705
Total financial assets at year end	<u>141,705</u>
Less amounts not available to be used within one year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	-
Total amounts not available to be used within one year	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 141,705</u>

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 5, 2019, the date which the financial statements were available for issue, and noted no reportable subsequent events.