

**BIG BROTHERS/BIG SISTERS OF  
BUTLER COUNTY, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016**

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# Steven Potter & Company, CPA's, Inc.

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Big Brothers/Big Sisters of Butler County, Inc.  
Hamilton, Ohio

We have audited the accompanying financial statements of Big Brothers/Big Sisters of Butler County, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's 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 auditor's 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 Butler County, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Steven A. Potts".

Certified Public Accountant

March 23, 2018

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 10,169	\$ 42,412
Accounts receivable	19,796	13,445
Prepaid expenses	2,146	3,928
Pledges receivable - Restricted	-	50,000
<b>TOTAL CURRENT ASSETS</b>	<u>32,111</u>	<u>109,785</u>
<b>NON CURRENT ASSETS</b>		
Property, furniture and equipment, net	22,017	24,810
Cash in savings - Restricted	1,233	1,232
Deposits	2,250	2,250
<b>TOTAL NON CURRENT ASSETS</b>	<u>25,500</u>	<u>28,292</u>
<b>TOTAL ASSETS</b>	<u>\$ 57,611</u>	<u>\$ 138,077</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 7,704	\$ 15,373
Line of credit (Note 5)	-	-
Payroll Liabilities	16,562	14,184
<b>TOTAL LIABILITIES</b>	<u>24,266</u>	<u>29,557</u>
<b>NET ASSETS</b>		
Unrestricted	32,104	57,279
Temporarily restricted	1,241	51,241
<b>TOTAL NET ASSETS</b>	<u>33,345</u>	<u>108,520</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 57,611</u>	<u>\$ 138,077</u>

SEE NOTES TO FINANCIAL STATEMENTS

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted	
		Total	Unrestricted		Total	Unrestricted
<b>SUPPORT AND REVENUES</b>						
Contributions	\$ 73,399	\$ -	\$ 73,399	\$ 82,360	\$ -	\$ 82,360
Foundations and trusts	84,106	-	84,106	156,521	50,000	206,521
Grants- Government Agencies United Way	277,938	-	277,938	266,879	-	266,879
In-kind donations	130,169	-	130,169	143,407	-	143,407
Fundraising events (net) -Note 10	74,012	-	74,012	98,817	-	98,817
Other income	67,308	-	67,308	58,378	-	58,378
	565	-	565	23	-	23
Assets released from restrictions (Grants)	50,000	(50,000)	-	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>757,497</b>	<b>(50,000)</b>	<b>707,497</b>	<b>806,385</b>	<b>50,000</b>	<b>856,385</b>
<b>EXPENSES</b>						
Program	623,098	-	623,098	600,963	-	600,963
General and administrative	86,439	-	86,439	81,506	-	81,506
Fundraising	73,135	-	73,135	63,635	-	63,635
<b>TOTAL EXPENSES</b>	<b>782,672</b>	<b>-</b>	<b>782,672</b>	<b>746,104</b>	<b>-</b>	<b>746,104</b>
<b>CHANGE IN NET ASSETS</b>	<b>(25,174)</b>	<b>(50,000)</b>	<b>(75,174)</b>	<b>60,281</b>	<b>50,000</b>	<b>110,281</b>
<b>NET ASSETS - BEGINNING</b>	<b>57,279</b>	<b>51,241</b>	<b>108,520</b>	<b>(3,002)</b>	<b>1,241</b>	<b>(1,761)</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 32,105</b>	<b>\$ 1,241</b>	<b>\$ 33,346</b>	<b>\$ 57,279</b>	<b>\$ 51,241</b>	<b>\$ 108,520</b>

SEE NOTES TO FINANCIAL STATEMENTS

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (75,174)	\$ 110,281
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,859	6,386
Loss on retirement of assets	-	262
(Increase) decrease in:		
Accounts receivable	(6,351)	5,664
Pledges receivable	50,000	(50,000)
Prepaid expense	1,782	(757)
Deposits	-	(1,864)
Increase (decrease) in:		
Accounts payable	(7,669)	(3,337)
Accrued payroll taxes	-	-
Payroll Liabilities	2,378	272
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(28,176)</b>	<b>66,906</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,066)	(2,878)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(4,066)</b>	<b>(2,878)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan	-	-
Payments on line of credit	(104,652)	(128,900)
Draws on line of credit	104,652	93,900
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>(35,000)</b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(32,242)</b>	<b>29,028</b>
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>43,644</b>	<b>14,615</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 11,402</b>	<b>\$ 43,644</b>

SEE NOTES TO FINANCIAL STATEMENTS

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses				
Salaries	\$ 419,645	\$ 62,388	\$ 65,680	\$ 547,713
Payroll taxes	35,209	5,062	5,331	45,601
Health insurance and benefits	2,345	337	355	3,037
Total compensation and related expenses	457,198	67,787	71,366	596,351
Program activities	27,082	-	-	27,082
Contracted services	48,012	-	-	48,012
Rent	23,163	4,088	-	27,250
Professional fees	4,231	747	-	4,978
Insurance	10,964	1,935	-	12,899
National and local dues	8,408	-	-	8,408
Recruitment and records checks	7,521	-	-	7,521
Equipment maintenance	5,666	1,000	-	6,666
Utilities	5,411	955	-	6,366
Other expenses	-	4,226	-	4,226
Depreciation	6,859	-	-	6,859
Transportation	5,279	932	-	6,211
Conference and meetings	2,473	436	-	2,909
Telephone	2,572	454	-	3,026
Office supplies	2,482	438	-	2,920
Site based materials	4,457	-	-	4,457
Interest	-	1,705	-	1,705
Postage	1,320	233	-	1,552
Printing and publications	-	1,505	1,770	3,275
Loss on retirement of assets	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>\$ 623,098</u>	<u>\$ 86,439</u>	<u>\$ 73,135</u>	<u>\$ 782,672</u>

SEE NOTES TO FINANCIAL STATEMENTS



**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses				
Salaries	\$ 360,249	\$ 52,078	\$ 54,540	\$ 466,867
Payroll taxes	30,492	4,384	4,617	39,493
Health insurance and benefits	20,313	2,920	3,076	26,309
Total compensation and related expenses	411,054	59,382	62,233	532,669
Program activities	50,598	-	-	50,598
Contracted services	48,012	-	-	48,012
Rent	20,953	3,698	-	24,651
Professional fees	10,779	1,902	-	12,681
Insurance	10,366	1,829	-	12,195
National and local dues	8,328	-	-	8,328
Recruitment and records checks	7,970	-	-	7,970
Equipment maintenance	4,316	762	-	5,078
Utilities	5,961	1,052	-	7,013
Other expenses	-	7,646	-	7,646
Depreciation	6,386	-	-	6,386
Transportation	5,118	903	-	6,021
Conference and meetings	2,461	434	-	2,895
Telephone	2,225	393	-	2,618
Office supplies	2,078	367	-	2,445
Site based materials	2,316	-	-	2,316
Interest	-	2,174	-	2,174
Postage	1,780	314	-	2,094
Printing and publications	-	651	1,402	2,053
Loss on retirement of assets	262	-	-	262
<b>TOTAL EXPENSES</b>	<u>\$ 600,963</u>	<u>\$ 81,506</u>	<u>\$ 63,635</u>	<u>\$ 746,104</u>

SEE NOTES TO FINANCIAL STATEMENTS

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

NOTE 1--THE ORGANIZATION

Big Brothers/Big Sisters of Butler County, Inc. (the Organization) is incorporated in the State of Ohio as a not-for-profit organization and is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. It is not a Private Foundation.

The mission of the Organization is to provide children facing adversity with strong, enduring, professionally supported one-on-one relationships that change their lives for the better. The Organization is dependent upon contributions from the general public, United Way, foundations, government grants and fund raising events for its support.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets and Depreciation

Office furniture, equipment, and leasehold improvements with an economic life of more than one year and cost of \$1,000 or greater are capitalized. Assets are shown at cost, if purchased, or fair value, if contributed. Depreciation is provided by the straight-line method over the estimated useful lives of the assets.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Certain costs have been allocated among the programs and supporting services benefitted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Accounts and Pledges Receivable

Accounts receivable are amounts due from local governments, corporations and individuals. Management believes that all accounts receivable are fully collectible within a reasonable period after year end. Therefore, no allowance for uncollectible accounts is provided.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

Contributed Services

Contributed services are recorded as support only if they create or enhance nonfinancial assets or require specialized services. The Organization relies on many volunteer services to carry out its programs. The hours donated by volunteers have not been recorded in these financial statements in accordance with U.S. generally accepted accounting principles.

NOTE 3--STATEMENT OF CASH FLOWS--SUPPLEMENTAL INFORMATION

No income or excise taxes were paid in the years ended December 31, 2017 and 2016. Interest expense of \$1,705 and \$2,174 was paid in the years ended December 31, 2017 and 2016, respectively.

NOTE 4--FAIR VALUATION OF FINANCIAL INSTRUMENTS

FASB ASC 825-10 requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of instruments. FASB ASC 825-10 excludes certain financial instruments and nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Organization.

The amounts reflected in the balance sheets for cash, accounts receivable, and short-term borrowings approximate their respective fair values due to the short term maturities of the instruments. The carrying value of pledges receivable also approximates fair value because its value is based on estimated future cash flows using a discount rate commensurate with the risks involved.

NOTE 5--LINE OF CREDIT

The Organization has a \$55,000 line of credit with a local bank. The line carries an interest rate of prime plus 1.5%, which was 6.0% at December 31, 2017, and expires in August 20, 2018. The balance outstanding as of December 31, 2017 and 2016 was \$0 and \$0, respectively.

NOTE 6--TEMPORARILY RESTRICTED NET ASSETS

The Organization has elected to show restricted contributions whose restrictions are met in the same reporting period as when given as unrestricted support.

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

Certain portions of program services and administrative expenses are funded by various grants and contracts with government agencies. While these grants and contracts are restrictive in nature, when received they become funds available for carrying out general program activities and administration. For this reason, all resources available for use from these government grants and contracts are shown on the financial statements as unrestricted funds.

The amounts shown as temporarily restricted assets arose from contributions designated to provide an annual year-end celebration of the after school mentoring program and from pledges receivable with a time restriction as follows:

Atkinson Memorial	\$ 1,241
Pledges	-
Total	<u>\$ 1,241</u>

NOTE 7-- CONCENTRATIONS OF RISK

The Federal Deposit Insurance Corporation insures cash balances at participating banks at amounts up to \$250,000. The Organization had no uninsured balances as of December 31, 2017. The uninsured balances are computed on the balances on deposit with the bank as of December 31st and do not take into consideration outstanding checks or deposits.

NOTE 8--PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Office furniture and equipment	\$ 54,575	\$ 50,509
Leasehold improvements	2,581	2,581
	<u>57,156</u>	<u>53,090</u>
Accumulated depreciation	(35,139)	(28,280)
Property and equipment--net	<u>\$ 22,017</u>	<u>\$ 24,810</u>

Depreciation expense amounted to \$6,859 and \$6,386 for the years ended December 31, 2017 and 2016, respectively.

NOTE 9--SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 23, 2018, the date of the audit report.

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

NOTE 10--OPERATING LEASES

The Organization has a 5-year copier lease which began in November, 2015. The lease calls for monthly payments of \$154. In addition, the Organization rents office space for a term of 5 years, which began in 2016. Total rent expense was \$27,250 and \$24,650 respectively for the years ended December 31, 2017 and 2016.

Total future minimum lease payments are as follows:

2018	29,728
2019	30,564
2020	31,198
2021	27,046
2022	-
	\$ 118,536

NOTE 11--FUND RAISING EVENTS

The following events contributed to the resources available for programs during the years ended December 31, 2017 and 2016. The revenues and expenses presented below include in kind donations in the amount of \$10,080 and \$2,870 for the years ended December 31, 2017 and 2016, respectively.

	2017		
	Revenue	Expenses	Net Profit
Run for Kids Sake	62,152	12,182	49,970
Girl's Night Out	16,185	5,014	11,171
Other Events	20,365	14,198	6,167
	\$ 98,702	\$ 31,394	\$ 67,308
	2016		
	Revenue	Expenses	Net Profit
Run for Kids Sake	49,550	6,262	43,288
Girl's Night Out	16,185	4,772	11,748
Other Events	6,212	-	6,212
Bowl for Kids Sake	-	-	-
	\$ 72,282	\$ 11,034	\$ 61,248

**BIG BROTHERS/BIG SISTERS OF BUTLER COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

NOTE 12--RESTATEMENT OF PRIOR YEAR

The prior year financial statements have been restated to report accrued vacation pay in the amount of \$14,184 and \$13,912 as of December 31, 2016 and 2015, respectively. The effect on unrestricted net assets as of December 31, 2016 was a reduction of \$14,184. The effect on 2016 Change In Net Assets was a reduction of \$272.