

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

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Jeanine J. Mays

— Certified Public Accountant —

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Big Brothers Big Sisters of El Dorado County

Report on the Financial Statements

I have audited the accompanying financial statements of the Big Brothers Big Sisters of El Dorado County (a non-profit organization) , which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, 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 statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Big Brothers Big Sisters of El Dorado County 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.

Jeanine J. Mays
August 16, 2018

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Statement of Financial Position

For the Year Ended December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 56,210	
Accounts receivable	43,283	
Prepaid expenses	10,283	

TOTAL CURRENT ASSETS **\$ 109,776**

PROPERTY, At Cost

Equipment	16,726	
Furniture and fixtures	650	

Accumulated depreciation 1,902

OTHER ASSETS

Long term deposits		5,320
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TOTAL ASSETS **\$ 116,998**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 4,692	
Employee benefits payable	8,144	
Sales tax payable	600	
Deferred revenue	5,800	

TOTAL CURRENT LIABILITIES **\$ 19,236**

TOTAL LIABILITIES 19,236

NET ASSETS

Unrestricted net assets	97,762	
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TOTAL NET ASSETS **97,762**

TOTAL LIABILITIES AND NET ASSETS **\$ 116,998**

See accompanying notes.

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Statement of Activity and Changes in Net Assets

For the Year Ended December 31, 2017

	<u>Total</u>
PUBLIC SUPPORT AND REVENUE	
Public Support	
Direct public support	\$ 193,827
Grants	68,533
Fund raising (net of expenses of \$54,619)	<u>140,741</u>
TOTAL PUBLIC SUPPORT	<u>403,101</u>
Revenue	
Service income	194,153
Interest income	4
Miscellaneous income	<u>40</u>
TOTAL REVENUE	<u>194,197</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>597,298</u>
EXPENSES	
Program services	437,094
Supporting services	51,857
Fund raising	<u>83,659</u>
TOTAL EXPENSES	<u>572,610</u>
CHANGE IN NET ASSETS	24,688
NET ASSETS	
Beginning of year	<u>73,074</u>
End of year	<u>\$ 97,762</u>

See accompanying notes.

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Statement of Functional Expenses

For the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 246,962	\$ 22,192	\$ 66,234	\$ 335,388
Payroll taxes	19,278	3,810	5,245	28,333
Employee benefits	23,866	5,447	7,215	36,528
TOTAL SALARIES AND BENEFITS	290,106	31,449	78,694	400,249
Advertising and promotion	6,831	788	317	7,936
Bank service charge	300		404	704
National dues and subscriptions	14,720	323		15,043
Fund raising			3,524	3,524
Insurance	6,297			6,297
Interest expense	7			7
License and filing fees	212	10	20	242
Mentor appreciation	2,563	1,450		4,013
Postage	897			897
Printing and reproduction	2,575	578		3,153
Professional fees-accounting		6,662		6,662
Professional fees-other	7,312	5,751		13,063
Program expense	48,697			48,697
Rent	23,332	2,233		25,565
Repairs and maintenance	2,689			2,689
Small equipment	725	527		1,252
Supplies			335	335
Taxes-property	108	47		155
Technology	5,226	1,188	350	6,764
Telephone	3,462	139		3,601
Training and education	5,057		15	5,072
Travel	5,801	12		5,813
Utilities	8,492	700		9,192
TOTAL EXPENSE BEFORE DEPRECIATION	435,409	51,857	83,659	570,925
Depreciation	1,685			1,685
TOTAL EXPENSES	\$ 437,094	\$ 51,857	\$ 83,659	\$ 572,610

See accompanying notes.

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Statement of Cash Flows

For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess revenue over expenses	\$ 24,688
Adjustment to reconcile net income to net cash provided by operating activities	
Depreciation	1,685
Change in accounts receivable	16,374
Change in prepaid expenses	(12,558)
Change in payroll liabilities	(487)
Change in sales tax payable	600
Change in accounts payable	3,984
Change in deferred revenue	5,800
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NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	40,086
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CASH FLOWS FROM FINANCING ACTIVITIES	
Payment on loan	(377)
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NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(378)
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NET CHANGE IN CASH	39,708
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CASH AT BEGINNING OF YEAR, January 1, 2017	16,502
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CASH AT END OF YEAR, December 31, 2017	\$ 56,210
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 SUPPLEMENTAL INFORMATION	
Interest paid	\$ 7
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See accompanying notes.

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Notes to Financial Statements

December 31, 2017

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information: Big Brothers Big Sisters of El Dorado County is a non-profit organization serving El Dorado County associated with the Big Brothers and Big Sisters of America Organization. The purpose is to organize mature and interested adults to create an interaction with youth and to become a positive influence in the development of the youth's life.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets : Net assets that are not subject to donor-imposed stipulations. Voluntary resolutions of the Board of Directors making self imposed limits are also considered unrestricted.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulation that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Conservancy to use all or part of the income earned on any related investment for general or specific purposes.

Use of Estimates: The preparation of financial statements uses estimates rather than exact measures. The estimates commonly involve summarizations, judgments and allocations which are based on rules and conventions rather than exact amounts.

Functional Allocation of Expenses: The costs of providing the Organization's programs have been summarized on a functional basis in these financial statements. Based on estimates developed by management, costs have been allocated to the various programs as they relate to those programs and activities. Many of management and general costs are directly related to program activities and are allocated to programs, administrative and fundraising accordingly.

Property and Equipment: The organization follows the practice of capitalizing all expenditures over \$500 for land, building, and equipment; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

Income Taxes: The Big Brothers Big Sisters of El Dorado County was incorporated in California on September 14, 1977. The Organization is a non-profit pursuant to a determination letter from the Internal Revenue Service in 1979 and is exempt from Federal income tax under the provisions of Code Section 501(c)(3) relating to organizations operated exclusively for charitable purposes.

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Notes to Financial Statements

December 31, 2017

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Income tax continued: The Organization's returns are subject to examination by taxing authorities for three years for Federal and four years for State after they are filed and management believes that all of the positions would be sustained if examined.

Contributions and Accounts Receivable: Accounts receivable are considered to be fully collectable. There is no allowance for doubtful accounts recorded on these financial statements. All are considered short term.

Cash Equivalents: For the purposes of the statement of cash flows, the Organization considers cash and unrestricted highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash received with donor imposed restrictions that are expected to be fulfilled within the next year are also considered cash equivalents.

Deferred Revenue: Deferred revenue represents amounts collected for grants which will apply to the following fiscal year. These amounts are recognized as revenues in the fiscal year in which the fees or grants relate to.

Advertising Costs: Advertising costs are expensed when incurred.

Fair Value Measurement: The Organization is required to measure certain statement elements at fair value in accordance with generally accepted accounting principles. Those include cash equivalents, investments, receivables, accounts payable, accrued expense and notes payable. Management believes that the carrying values of those elements are not materially different from estimates of the corresponding fair values.

2.) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	<u>Amount</u>	<u>Interest</u>
Wells Fargo Checking	\$ 35,281	0.00%
Wells Fargo Savings	18,234	0.03%
ReVisions checking	2,488	0.00%
Petty cash	<u>207</u>	
CASH AND CASH EQUIVALENTS	<u>\$ 56,210</u>	

3.) FIXED ASSETS AND DEPRECIATION

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office equipment	\$ 16,726	\$ -	\$ -	\$ 16,726
Furniture and fixtures	<u>650</u>	<u>-</u>	<u>-</u>	<u>650</u>
TOTAL FIXED ASSETS	<u>\$ 17,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,376</u>
Accumulated depreciation	<u>\$ 13,789</u>	<u>\$ 1,685</u>	<u>\$ -</u>	<u>\$ 15,474</u>

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Notes to Financial Statements

December 31, 2017

4.) ACCRUED EMPLOYEE BENEFITS

Vacation benefits up to two yearly accruals are paid to the employee when they are separated from service. Accumulated unpaid employee vacation benefits are recognized as a liability.

Sick leave pay does not vest and is not accrued. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

5.) DONATIONS

Donated Materials: Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. All contributions are considered to be unrestricted unless specifically restricted by the donor. Donated materials for special events are booked as special event income and expense on the financial statements. The ReVisions store received donated goods and they are recognized as income when they are sold.

Donated Services: No amounts have been reflected in the statements for volunteer services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns.

6.) LEASE EXPENSE

The Organization signed a 60 month lease agreement at a new location on April 2017 and ending April 1, 2022. This agreement is for five years with rents increasing each year.

The Organization entered into a lease for the location of the new retail operation called ReVisions. This is a two year lease ending November 30, 2019

The Organization leased a copier for \$148 per month for 60 months beginning April 2014 and may purchase the copier at the end of the lease March 2019 for the fair market value.

The future payments over the next five years are as follows:

	<u>Facilities</u>	<u>Copier</u>	ReVisions <u>Lease</u>	Memo <u>Total</u>
2018	\$ 37,134	\$ 1,560	\$ 36,270	\$ 74,964
2019	45,208	1,560	38,970	85,738
2020	60,165	1,560	-	61,725
2021	61,512	-	-	61,512
2022	15,378	-	-	15,378
Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$219,397</u>	<u>\$ 4,680</u>	<u>\$ 75,240</u>	<u>\$ 299,317</u>

Rent expense for the year ended December 31, 2017 was \$25,340 and the equipment lease expense was \$1,776. The retail operation rent totaled to \$3,000.

BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY

Notes to Financial Statements

December 31, 2017

7.) REVENUE CONCENTRATION

The Organization operates in El Dorado County, California. The support and revenues received are from donations, fund raising and grants generally from within the state of California.

8.) CONTINGENT LIABILITY

The Organization has received funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursements would not be material.

9.) SUBSEQUENT EVENTS

The management of the Organization have reviewed the results of operations for the period of time from its year end December 31, 2017 through August 16, 2018, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amount reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.