

**BIG BROTHERS BIG SISTERS
OF SOUTHWEST IDAHO, INC.**
(a nonprofit organization)

FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Brothers Big Sisters of Southwest Idaho, Inc.
Boise, Idaho

We have audited the accompanying financial statements of Big Brothers Big Sisters of Southwest Idaho, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, and cash flows 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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. According, 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.

Harris & Co. PLLC

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 Southwest Idaho, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Harris & Co. PLLC

Meridian, Idaho
May 7, 2015

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.**STATEMENTS OF FINANCIAL POSITION****December 31**

	ASSETS	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 266,325	\$ 195,062
Certificate of deposit	0	63,516
Prepaid expenses	<u>4,648</u>	<u>5,187</u>
Total Current Assets	270,973	263,765
FURNITURE AND EQUIPMENT, net	13,355	18,365
DEPOSITS	<u>3,000</u>	<u>3,000</u>
Total Assets	<u>\$ 287,328</u>	<u>\$ 285,130</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,776	\$ 1,432
Accrued and withheld payroll costs	4,809	3,298
Deferred revenue	<u>0</u>	<u>17,250</u>
Total Current Liabilities	11,585	21,980
DEFERRED RENT	<u>6,554</u>	<u>8,074</u>
Total Liabilities	18,139	30,054
NET ASSETS		
Unrestricted	268,405	253,046
Temporarily restricted	<u>784</u>	<u>2,030</u>
Total Net Assets	<u>269,189</u>	<u>255,076</u>
Total Liabilities and Net Assets	<u>\$ 287,328</u>	<u>\$ 285,130</u>

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.**STATEMENTS OF ACTIVITIES****For the Years Ended December 31**

	<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 169,886	\$	\$ 169,886
Grants	182,620		182,620
In-kind contributions	12,000		12,000
Special events	122,650		122,650
Interest income	0		0
Other income (loss)	(122)		(122)
	487,034	0	487,034
Net assets released from restrictions	<u>1,246</u>	<u>(1,246)</u>	<u>0</u>
Total Revenue	488,280	(1,246)	487,034
EXPENSES			
Program services			
Mentoring	264,915		264,915
Special events	<u>36,391</u>		<u>36,391</u>
Total Program Services	301,306	0	301,306
Supporting services			
Administrative	57,918		57,918
Fundraising	<u>104,824</u>		<u>104,824</u>
Total Supporting Services	162,742	0	162,742
Unallocated Payments to Affiliated Organization	<u>8,873</u>		<u>8,873</u>
Total Expenses	<u>472,921</u>	<u>0</u>	<u>472,921</u>
Increase (Decrease) in Net Assets	15,359	(1,246)	14,113
NET ASSETS, Beginning of Year	<u>253,046</u>	<u>2,030</u>	<u>255,076</u>
NET ASSETS, End of Year	<u>\$ 268,405</u>	<u>\$ 784</u>	<u>\$ 269,189</u>

See notes to financial statements.

2013		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 54,376	\$	\$ 54,376
252,546		252,546
3,000		3,000
127,521		127,521
435		435
<u>2,638</u>	<u></u>	<u>2,638</u>
440,516	0	440,516
<u>227</u>	<u>(227)</u>	<u>0</u>
440,743	(227)	440,516
257,212		257,212
<u>37,130</u>	<u></u>	<u>37,130</u>
294,342	0	294,342
41,745		41,745
<u>125,792</u>	<u></u>	<u>125,792</u>
167,537	0	167,537
<u>11,243</u>	<u></u>	<u>11,243</u>
<u>473,122</u>	<u>0</u>	<u>473,122</u>
(32,379)	(227)	(32,606)
<u>285,425</u>	<u>2,257</u>	<u>287,682</u>
<u>\$ 253,046</u>	<u>\$ 2,030</u>	<u>\$ 255,076</u>

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.**STATEMENTS OF CASH FLOWS****For the Years Ended December 31**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 14,113	\$ (32,606)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	7,057	8,268
Loss (gain) on sale of furniture and equipment	122	(200)
Changes in operating assets and liabilities:		
Prepaid expenses	539	18,240
Contributions receivable	0	13,657
Accounts payable	5,344	(5,064)
Accrued and withheld payroll costs	1,511	(6,600)
Deferred rent	(1,520)	(2,238)
Deferred revenue	<u>(17,250)</u>	<u>6,445</u>
Net Cash Provided by (Used in) Operating Activities	9,916	(98)
CASH FLOWS FROM INVESTING ACTIVITIES		
Re-investment of interest on certificate of deposit	0	(242)
Redemption of certificate of deposit	63,516	0
Proceeds from sale of furniture and equipment	700	200
Purchase of furniture and equipment	<u>(2,869)</u>	<u>(6,052)</u>
Net Cash Provided by (Used in) Investing Activities	<u>61,347</u>	<u>(6,094)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	71,263	(6,192)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>195,062</u>	<u>201,254</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 266,325</u>	<u>\$ 195,062</u>

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Big Brothers Big Sisters of Southwest Idaho, Inc. (BBBS), a nonprofit organization, works to attain the following stated purposes:

To provide a resource of quality adult volunteers to be matched with a child in need of a positive role model for the purpose of offering weekly friendship, support and direction to children. The goal is to provide a strengthened sense of self-worth at home, in school and in the community, to strive to be a preventive approach to juvenile delinquency by utilizing volunteers to address the difficulties of childhood on an individual basis prior to the development of serious problems.

To provide selected special services to the families of these children as required.

To join with other organizations providing human services to such children and their families in creating a climate of maximum personal growth and development through common research, education, and action.

To receive, invest, and disburse funds, and to hold and to manage property for the purposes of the organization.

Private and governmental grants, special events, and private contributions fund operations. During 2014, the Organization received approximately 18% of its revenue and support from two donors. During 2013, the Organization received approximately 20% of its revenue and support from two donors. BBBS is affiliated with the national organization, Big Brothers Big Sisters of America.

Basis of Accounting

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.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Furniture and Equipment

Furniture and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Acquisition of equipment with useful lives of at least two years and a cost basis in excess of \$500 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. In the Statement of Financial Position, furniture and equipment is net of accumulated depreciation of \$58,923 and \$61,178 for 2014 and 2013, respectively.

Fair Value

The Organization uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair Value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Full-time employees earn vacation time at a rate of 8 hours per month and may accrue up to a maximum of 80 hours during their first five years of employment. After five years of continuous employment, full-time employees earn vacation time at a rate of 12 hours per month and may accrue up to a maximum of 120 hours. Part-time employees earn the above benefits prorated based on the number of hours worked. Accrued vacation totaled \$3,415 and \$3,298 at December 31, 2014 and 2013, respectively.

Deferred Revenue

The Organization receives registration fees for future events. The fees are deferred and recognized when the event occurs.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. BBBS had no permanently restricted net assets in 2014 and 2013.

Contributed Services

A number of volunteers have contributed significant amounts of their time to the Organization's programs and activities. No amounts have been reflected in the financial statements for those services.

In-kind Contributions

The Organization receives in-kind contributions consisting of promotional assistance. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the schedule of program revenues and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising

The Organization expenses advertising as costs are incurred. Total advertising expense was \$13,397 and \$8,569 for the years ended December 31, 2014 and 2013, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2014 or 2013.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2011.

Subsequent Events

The Organization has evaluated subsequent events through May 7, 2015, which is the date the financial statements were available to be issued.

BIG BROTHERS BIG SISTERS OF SOUTHWEST IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE B - CERTIFICATE OF DEPOSIT

At December 31, 2013, the Organization held a twenty-six month certificate of deposit with Wells Fargo Bank in the amount of \$63,516. The certificate bears interest at .4% and was redeemed in January 2014. The certificate of deposit was presented at its fair value and was considered a Level 1 asset.

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2014 and 2013, the Organization had \$784 and \$2,030, respectively, of temporarily restricted net assets restricted for mentoring activities.

NOTE D - OPERATING LEASES

During 2011, the Organization entered into a lease for its office space under a 5-year operating lease agreement expiring October 31, 2016. The lease requires monthly payments increasing over the 5-year period from \$3,000 to \$4,257. The Organization also received 2 months free rent at the beginning of the lease. The Organization recognizes rent on the straight line method over the term of the lease. The difference between rent expense recognized and rent paid of \$6,554 and \$8,074 at December 31, 2014 and 2013, respectively is recorded as deferred rent in the accompanying Statement of Financial Position. The Organization also leases a copier under a non-cancellable agreement. The lease expires in June 2017 with monthly payments of \$267.

Rent expense recognized under operating leases was \$42,740 and \$41,574 for 2014 and 2013, respectively.

The following summarizes the remaining future minimum payments required under all leases:

2015	\$	44,216
2016		38,274
2017		<u>1,602</u>
	<u>\$</u>	<u>84,092</u>