

**BIG BROTHERS BIG SISTERS  
OF KENTUCKIANA, INC. –  
LOUISVILLE, KENTUCKY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY  
INFORMATION**

**YEARS ENDED  
JUNE 30, 2018 AND 2017**

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**

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# MONROE SHINE

KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

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## Independent Auditor's Report

Board of Directors

**Big Brothers Big Sisters of Kentuckiana, Inc.**  
Louisville, Kentucky

We have audited the accompanying financial statements of **Big Brothers Big Sisters of Kentuckiana, Inc.**, which comprise the statement of financial position as of June 30, 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.

### 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 Kentuckiana, Inc.** as of June 30, 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.

### Prior Period Financial Statement

The financial statements of **Big Brothers Big Sisters of Kentuckiana, Inc.** as of June 30, 2017 were audited by other auditors whose report dated October 30, 2017, expressed an unmodified opinion on those statements.

*Monroe Shine*

Louisville, Kentucky  
November 14, 2018

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

<b>ASSETS</b>		<b><u>2018</u></b>	<b><u>2017</u></b>
Cash and cash equivalents	\$	333,804	\$ 314,618
Investments		197,659	292,047
Metro United Way receivable		310,442	297,611
Grants and other receivables		114,261	194,128
Pledges receivable, net		73,443	207,846
Prepaid expenses		12,819	21,990
Property and equipment, net		1,109,891	1,141,320
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b><u>\$ 2,152,319</u></b>	<b><u>\$ 2,469,560</u></b>
 <b>LIABILITIES AND NET ASSETS</b>  			
<b>Liabilities</b>			
Accounts payable	\$	51,951	\$ 18,245
Accrued expenses		82,342	90,463
Deferred revenue		4,249	4,510
Capital lease obligations		15,617	18,810
<b>Total Liabilities</b>		<hr/> <b>154,159</b>	<hr/> <b>132,028</b>
 <b>Net Assets</b>			
Unrestricted		1,473,685	1,732,764
Temporarily restricted net assets		524,475	604,768
<b>Total Net Assets</b>		<hr/> <b>1,998,160</b>	<hr/> <b>2,337,532</b>
		<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 2,152,319</u></b>	<b><u>\$ 2,469,560</u></b>

See notes to financial statements.

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b>REVENUES AND SUPPORT</b>						
Metro United Way	\$ 619	\$ 310,442	\$ 311,061	\$ 13,478	\$ 297,611	\$ 311,089
Grants	93,902	548,531	642,433	44,015	696,722	740,737
Contributions	193,538	156,500	350,038	176,702	122,725	299,427
Special events, net of costs of direct benefits to donors	497,338	-	497,338	611,569	-	611,569
Interest income	4,983	-	4,983	9,774	-	9,774
Gifts in kind	63,922	-	63,922	56,721	-	56,721
Realized and unrealized gains	753	-	753	833	-	833
Loss on disposal of property and equipment	(920)	-	(920)	-	-	-
Net assets released from restrictions	1,095,766	(1,095,766)	-	1,276,053	(1,276,053)	-
<b>Total Revenues and Support</b>	<b>1,949,901</b>	<b>(80,293)</b>	<b>1,869,608</b>	<b>2,189,145</b>	<b>(158,995)</b>	<b>2,030,150</b>
<b>EXPENSES</b>						
Program services	1,677,783	-	1,677,783	1,677,225	-	1,677,225
Management and general	220,418	-	220,418	192,527	-	192,527
Fundraising	310,779	-	310,779	283,156	-	283,156
<b>Total Expenses</b>	<b>2,208,980</b>	<b>-</b>	<b>2,208,980</b>	<b>2,152,908</b>	<b>-</b>	<b>2,152,908</b>
<b>Change in Net Assets</b>	<b>(259,079)</b>	<b>(80,293)</b>	<b>(339,372)</b>	<b>36,237</b>	<b>(158,995)</b>	<b>(122,758)</b>
<b>Net Assets at Beginning of Year</b>	<b>1,732,764</b>	<b>604,768</b>	<b>2,337,532</b>	<b>1,696,527</b>	<b>763,763</b>	<b>2,460,290</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,473,685</b>	<b>\$ 524,475</b>	<b>\$ 1,998,160</b>	<b>\$ 1,732,764</b>	<b>\$ 604,768</b>	<b>\$ 2,337,532</b>

See notes to financial statements.

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	Program	Management and General	Fundraising		Total
			Bowl for Kids Sake	Other Fundraising	
Salaries	\$ 1,077,418	\$ 135,000	\$ 19,068	\$ 172,329	\$ 1,403,815
Employee benefits	94,400	13,148	701	11,113	119,362
Payroll taxes	98,224	10,815	1,629	12,553	123,221
Occupancy	21,009	2,488	-	4,146	27,643
Computer/software	23,158	2,742	-	4,571	30,471
Insurance	29,127	920	-	613	30,660
Postage and shipping	4,224	258	-	670	5,152
Professional fees	35,758	20,433	-	28,947	85,138
Printing	8,797	1,042	-	1,736	11,575
National dues	14,278	952	-	635	15,865
Equipment rental and maintenance	16,009	-	-	-	16,009
Telephone	23,927	2,833	-	4,722	31,482
Staff training	4,977	157	-	105	5,239
Office supplies	4,344	513	234	859	5,950
Travel	31,881	343	178	2,057	34,459
Advertising	695	7	1,090	7	1,799
Conferences and meetings	7,759	245	206	163	8,373
Memberships and dues	1,899	1,899	-	422	4,220
Appreciation	71	1	50	1	123
Activities	39,211	-	186	-	39,397
Miscellaneous	1,000	-	4,957	2,853	8,810
Recruitment	42,085	-	-	-	42,085
Interest	782	25	-	16	823
Special events	-	-	-	13,419	13,419
Provision for uncollectible pledges	-	19,657	-	-	19,657
Gifts in kind	52,826	1,738	2,515	9,359	66,438
Depreciation and amortization	43,924	5,202	-	8,669	57,795
<b>Total Functional Expenses</b>	<b>\$ 1,677,783</b>	<b>\$ 220,418</b>	<b>\$ 30,814</b>	<b>\$ 279,965</b>	<b>\$ 2,208,980</b>

See notes to financial statements.

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

	Program	Management and General	Fundraising		Total
			Bowl for Kids Sake	Other Fundraising	
Salaries	\$ 1,085,419	\$ 120,798	\$ 6,622	\$ 177,780	\$ 1,390,619
Employee benefits	86,251	10,642	-	10,157	107,050
Payroll taxes	113,906	10,366	970	15,350	140,592
Occupancy	19,173	2,465	-	5,752	27,390
Computer/software	17,102	3,986	-	11,768	32,856
Insurance	27,023	853	-	569	28,445
Postage and shipping	6,059	538	149	135	6,881
Professional fees	11,252	16,878	-	-	28,130
Printing	11,299	357	20	238	11,914
National dues	13,243	883	-	589	14,715
Equipment rental and maintenance	14,427	1,342	-	1,007	16,776
Telephone	26,087	2,319	-	581	28,987
Staff training	2,627	83	-	55	2,765
Office supplies	5,430	172	43	114	5,759
Travel	35,900	367	-	366	36,633
Advertising	2,948	30	2,145	30	5,153
Conferences and meetings	11,298	357	253	238	12,146
Memberships and dues	2,986	2,986	-	663	6,635
Appreciation	911	10	58	10	989
Activities	39,510	-	1,510	-	41,020
Miscellaneous	10,335	-	4,905	1,967	17,207
Recruitment	31,989	-	-	-	31,989
Interest	282	9	-	6	297
Special events	-	-	-	33,225	33,225
Provision for uncollectible pledges	-	9,978	5	-	9,983
Gifts in kind	53,552	2,622	1,965	547	58,686
Depreciation and amortization	48,216	4,486	-	3,364	56,066
<b>Total Functional Expenses</b>	<b>\$ 1,677,225</b>	<b>\$ 192,527</b>	<b>\$ 18,645</b>	<b>\$ 264,511</b>	<b>\$ 2,152,908</b>

See notes to financial statements.

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (339,372)	\$ (122,758)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	57,795	56,066
Change in allowance for uncollectible pledges	-	(2,922)
Amortization of discount on pledges receivable	-	(1,364)
Donated stock included in contributions	(34,639)	(16,042)
Loss on disposal of property and equipment	920	-
Realized and unrealized gains on investments	(753)	(833)
Accrued interest on certificates of deposit	(438)	-
(Increase) decrease in assets:		
Metro United Way receivable	(12,831)	77,815
Grants and other receivables	79,867	(75,742)
Pledges receivable	134,403	(62,393)
Prepaid expenses	9,171	(6,516)
Increase (decrease) in liabilities:		
Accounts payable	33,706	(20,816)
Accrued expenses	(8,121)	8,866
Deferred revenue	(261)	(6,830)
<b>Net Cash Used In Operating Activities</b>	<b>(80,553)</b>	<b>(173,469)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(27,286)	(15,577)
Purchase of investments	-	(298,941)
Proceeds received on sale of investments	130,218	290,854
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>102,932</b>	<b>(23,664)</b>
<b>FINANCING ACTIVITIES</b>		
Principal payments under capital lease obligations	(3,193)	(3,905)
<b>Net Cash Used In Financing Activities</b>	<b>(3,193)</b>	<b>(3,905)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	19,186	(201,038)
Cash and cash equivalents at beginning of year	314,618	515,656
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 333,804</b>	<b>\$ 314,618</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:</b>		
Equipment acquired through capital lease obligations	\$ -	\$ 18,810
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for:		
Interest	823	297

See notes to financial statements.



**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Big Brothers Big Sisters of Kentuckiana, Inc. (the “Organization”) is a not-for-profit organization formed to provide children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever through successful mentoring relationships for all children who need and want them, contributing to brighter futures, better schools, and stronger communities for all. The Organization serves the Louisville, Kentucky metropolitan area and surrounding counties, including three Southern Indiana counties.

**Basis of Presentation**

The financial statements of the Organization are presented on the accrual basis of accounting. The Organization reports information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. No permanently restricted net assets existed at June 30, 2018 and 2017. The terms are defined below:

Unrestricted net assets — Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets — Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets — Net assets subject to donor-imposed stipulations that require they be maintained permanently by the Organization.

Certain prior year accounts have been reclassified to conform to current year presentations.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers all unrestricted cash and highly liquid investment securities with maturities of three months or less at time of purchase to be cash and cash equivalents.

**Concentration of Credit Risk**

The Organization maintains its cash at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, the balances may be in excess of federal insured limits. As of June 30, 2018, the Organization had no balances in excess of insured limits.

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

(1 – continued)

**Grant Revenue and Receivables**

The Organization's revenue is recognized when services are rendered. Receivables represent amounts owed by various government and other agencies pursuant to grant reimbursement and other agreements. The valuation of receivables is based upon an analysis of contractual agreements and collection history. When accounts are deemed uncollectible, they are written off.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management reviews all contribution receivable balances that are past due and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Estimated uncollectible accounts increase the allowance for doubtful accounts and when the accounts receivable are written off, the allowance for doubtful accounts is decreased. As of June 30, 2018 and 2017, the allowance for uncollectible pledges totaled \$9,978.

Contributed services that require specific expertise and would normally have been purchased and donated services that create or enhance non-financial assets are recorded at fair market value. Those donated services that do not meet these specific criteria are not reflected in the financial statements. Approximately 51,000 and 39,000 volunteer hours were donated to the Organization during the years ended June 30, 2018 and 2017, respectively. This time represents non-professional services, such as mentoring, and is, therefore, not recorded in the accompanying financial statements. An approximate economic value for in-kind hours per the City of Louisville is \$24.14 per hour. Applying this rate, the Organization mentor services can be valued at approximately \$1,231,000 and \$945,000 for the years ended June 30, 2018 and 2017, respectively.

**Investments**

Investments in marketable securities with readily determinable fair values are measured at fair market value in the statement of net assets. The unrealized gains or losses on investments are included in the change in net assets.

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

(1 – continued)

**Property and Equipment**

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization's policy is to capitalize asset purchases exceeding \$500. Amortization expense from capital leases is included with depreciation expense. Property and equipment are depreciated using the straight-line method over the assets useful lives.

Expenditures for maintenance and repairs are expensed as incurred.

**Advertising Costs**

Advertising costs are expensed as incurred. These expenses totaled \$1,799 and \$5,153 for the years ended June 30, 2018 and 2017, respectively.

**Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general 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.

**Income Taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not provide for income taxes.

The Organization has implemented the accounting guidance for uncertainty in income taxes. Under that guidance, tax positions need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of June 30, 2018, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization files federal Form 990. Returns filed for tax years ended on or after June 30, 2015 are subject to examination. The Organization is not currently being examined and management believes its tax-exempt status would be upheld under examination.

**Newly Issued Standards**

The Financial Accounting Standards Board has issued accounting standards No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* effective for years beginning after December 15, 2017; No. 2014-09, *Revenue from Contracts with Customers*, effective for years beginning after December 15, 2017; No. 2016-02, *Leases*, concerning the accounting for leases effective for years beginning after December 15, 2019, and No. 2016-18, *Statement of Cash Flows: Restricted Cash*, concerning the cash flow classification and presentation of changes in restricted cash and cash equivalents effective for years beginning after December 15, 2018. The Organization is evaluating the impact that the adoption of these standards will have on future financial position and results of operations.

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

(2) **INVESTMENTS**

Investments at June 30, 2018 and 2017 consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Loss</u>
<b>June 30, 2018:</b>			
Corporate bonds	\$ 75,009	\$ 73,843	\$ (1,166)
Certificates of deposit	129,288	123,816	(5,472)
	<hr/>		
Total investments	\$ 204,297	\$ 197,659	\$ (6,638)
	<hr/> <hr/>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Loss</u>
<b>June 30, 2017:</b>			
Corporate bonds	\$ 100,018	\$ 99,720	\$ (298)
Certificates of deposit	193,877	192,327	(1,550)
	<hr/>		
Total investments	\$ 293,895	\$ 292,047	\$ (1,848)
	<hr/> <hr/>		

The Organization has investments in corporate bonds and certificates of deposit that are held by investment managers engaged by the Organization and are therefore subject to concentrations of credit risk. Investments are made by the investment managers and monitored by the Board of Directors through the Finance Committee. Though the market value of the investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

(3) **PLEDGES RECEIVABLE**

The Organization has pledges receivable related to special events and other contributions. Pledges receivable as of June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Special events pledges	\$ 76,695	\$ 76,871
Other pledges	6,726	140,953
	<hr/>	
Gross pledges receivable	83,421	217,824
	<hr/>	
Less allowance for uncollectible pledges	(9,978)	(9,978)
	<hr/>	
Total	\$ 73,443	\$ 207,846
	<hr/> <hr/>	

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

(3 – continued)

Gross pledges receivable are due according to the following schedule:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 83,346	\$ 212,569
One to five years	75	5,255
	<hr/>	<hr/>
Total pledges receivable	<u>\$ 83,421</u>	<u>\$ 217,824</u>

At June 30, 2018, approximately 56% of gross pledges receivable were from two donors.

(4) **PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 131,600	\$ 131,600
Building and building improvements	1,280,561	1,276,726
Furniture and fixtures	74,577	74,577
Equipment	187,024	166,821
	<hr/>	<hr/>
	1,673,762	1,649,724
Less accumulated depreciation	563,871	508,404
	<hr/>	<hr/>
Property and equipment, net	<u>\$ 1,109,891</u>	<u>\$ 1,141,320</u>

(5) **LINE OF CREDIT**

The Organization has a line of credit with Republic Bank & Trust Company of \$300,000 which bears interest at a variable rate equal to the prime rate (5.00% as of June 30, 2018). The collateral pledged on the line of credit is a mortgage and all other Organization assets. The Organization had no outstanding balance due on the line of credit at June 30, 2018 and 2017. The line of credit matures on October 20, 2019.

(6) **CAPITAL LEASE OBLIGATIONS**

The Organization leases equipment under capital leases. The following is a summary of leased assets included in property and equipment:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 18,810	\$ 18,810
Accumulated amortization	(4,076)	(314)
	<hr/>	<hr/>
	<u>\$ 14,734</u>	<u>\$ 18,496</u>

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

(6 – continued)

Future minimum payments under the capital lease obligations are as follows:

Year ending June 30:

2019	\$	4,219
2020		4,219
2021		4,219
2022		4,219
		16,876
Less amount representing interest		1,259
Total minimum payments required	\$	15,617

(7) **OPERATING LEASES**

Beginning in June 2016, the Organization leased administrative space in Hardin County under a noncancelable operating lease with an initial term of at least one year with payments beginning in July 2016. This lease was extended for an additional two year term and expires in June 2019. Total rent expense for the years ended June 30, 2018 and 2017 was \$9,489 and \$8,700, respectively.

At June 30, 2018, minimum lease commitments under the agreement totaling \$9,923 are due during the year ending June 30, 2019.

(8) **GIFTS IN KIND**

Gifts in kind, inclusive of Bowl for Kids Sake, included in revenues and expenses totaled \$73,002 and \$61,428, respectively, for the years ended June 30, 2018 and 2017. Gifts in kind include direct benefits to donors totaling \$6,564 and \$2,742, respectively, for the years ended June 30, 2018 and 2017.

(9) **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets for the years ended June 30, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Volunteer programs	\$ 516,617	\$ 593,910
Capital improvements	7,858	7,858
Marketing expenses	-	3,000
	\$ 524,475	\$ 604,768
	\$ 524,475	\$ 604,768

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

(10) **RETIREMENT PLAN**

The Organization has a 401(k) retirement plan (Plan) which covers employees who have attained the age of 21 and work a minimum of 20 hours per week. After one year of service, the Organization matches employee contributions up to a maximum of 3% of the employees' compensation. The Plan allows for an employer discretionary profit sharing contribution. Total contributions made by the Organization to the Plan were \$29,766 and \$28,690 for the years ended June 30, 2018 and 2017, respectively.

(11) **SPECIAL EVENTS**

Special events consisted of the following for the years ended June 30, 2018 and 2017:

	<u>Gross</u> <u>Revenue</u>	Cost of Direct Benefit <u>to Donors</u>	<u>Expenses</u>	Net <u>Revenue</u>
<b>June 30, 2018:</b>				
Bowl for Kids Sake	\$ 299,826	\$ (23,422)	\$ (30,814)	\$ 245,590
Links for Littles/Arby's	133,635	(29,503)	(2,298)	101,834
Other Events	145,892	(29,090)	(11,121)	105,681
	<u>\$ 579,353</u>	<u>\$ (82,015)</u>	<u>\$ (44,233)</u>	<u>\$ 453,105</u>

	<u>Gross</u> <u>Revenue</u>	Cost of Direct Benefit <u>to Donors</u>	<u>Expenses</u>	Net <u>Revenue</u>
<b>June 30, 2017:</b>				
Bowl for Kids Sake	\$ 356,854	\$ (18,363)	\$ (18,645)	\$ 319,846
Links for Littles/Arby's	143,637	(34,487)	(12,366)	96,784
Other Events	191,806	(27,878)	(20,859)	143,069
	<u>\$ 692,297</u>	<u>\$ (80,728)</u>	<u>\$ (51,870)</u>	<u>\$ 559,699</u>

(12) **FAIR VALUE MEASUREMENTS**

The Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 Fair Value Measurements, for financial and nonfinancial assets and liabilities.

ASC 820 defines fair value as 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. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

(12 – continued)

- Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.
- Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Organization’s financial assets and liabilities carried at fair value. The table below presents the balances of assets measured at fair value on a recurring and non-recurring basis.

	<b>Carrying Value</b>			
	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
<b>December 31, 2018:</b>				
<i>Assets Measured on a Recurring Basis</i>				
Corporate bonds	\$ 73,843	\$ -	\$ -	\$ 73,843
Certificates of deposit	123,816	-	-	123,816
<b>December 31, 2017:</b>				
<i>Assets Measured on a Recurring Basis</i>				
Corporate bonds	\$ 99,720	\$ -	\$ -	\$ 99,720
Certificates of deposit	192,327	-	-	192,327

*Corporate bonds* - valued at the closing price reported on the active market in which the individual securities are traded.

*Certificates of deposit* – valued at the closing price reported on the active market in which the individual securities are traded or valued based on yields currently available on comparable securities traded in active markets.



**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018 AND 2017**

**(13) SUBSEQUENT EVENTS**

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through November 14, 2018, the date these financial statements were available to be issued.



# MONROE SHINE

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## **Independent Auditor's Report on Supplementary Information**

Board of Directors

**Big Brothers Big Sisters of Kentuckiana, Inc.**

Louisville, Kentucky

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The June 30, 2018 supplementary information presented on pages 19, 20, and 23 is presented for purposes of additional analysis and is 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 audits 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 financial statements as a whole.

The June 30, 2017 supplementary information on pages 21, 22, and 23 was subjected to the auditing procedures applied in the June 30, 2017 audit of the basic financial statements by other auditors, whose report on such information dated October 30, 2017 stated that it was fairly stated in all material respects in relation to the June 30, 2017 financial statements as a whole.

New Albany, Indiana

November 14, 2018

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF ACTIVITIES BY LOCATION**  
**YEAR ENDED JUNE 30, 2018**

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>											
Metro United Way	\$ 235,515	\$ -	\$ -	\$ 5,286	\$ 20,000	\$ 44,038	\$ -	\$ 260	\$ 5,962	\$ -	\$ 311,061
Grants	540,619	8,343	2,987	10,006	43,849	27,551	-	-	9,078	-	642,433
Contributions	314,474	14,095	100	645	16,195	4,529	-	-	-	-	350,038
Special events, net											
Bowl for Kids Sake	175,656	9,104	1,353	22,039	13,609	23,829	-	-	-	30,814	276,404
Other events	159,453	8,711	8,506	10,709	6,060	14,076	-	-	-	13,419	220,934
Investment income	4,983	-	-	-	-	-	-	-	-	-	4,983
Gifts in kind	59,595	594	33	712	2,765	223	-	-	-	-	63,922
Realized and unrealized gains (losses)	(167)	-	-	-	-	-	-	-	-	-	(167)
Branch dues	27,077	-	-	-	-	687	-	-	-	(27,764)	-
<b>Total Revenues and Support</b>	<b>\$ 1,517,205</b>	<b>\$ 40,847</b>	<b>\$ 12,979</b>	<b>\$ 49,397</b>	<b>\$ 102,478</b>	<b>\$ 114,933</b>	<b>\$ -</b>	<b>\$ 260</b>	<b>\$ 15,040</b>	<b>\$ 16,469</b>	<b>\$ 1,869,608</b>

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED**  
**YEAR ENDED JUNE 30, 2018**

	<u>Jefferson</u>	<u>Oldham</u>	<u>Shelby</u>	<u>Harrison</u>	<u>Clark</u>	<u>Hardin</u>	<u>Nelson</u>	<u>Taylor</u>	<u>Grayson</u>	<u>Eliminations</u>	<u>Total</u>
	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>		
<b>EXPENSES</b>											
Salaries	\$ 1,124,736	\$ 34,121	\$ 20,249	\$ 44,449	\$ 60,604	\$ 85,527	\$ 2,080	\$ 1,338	\$ 11,643	\$ 19,068	\$ 1,403,815
Employee benefits	107,189	1,030	483	2,337	3,484	3,188	106	88	756	701	119,362
Payroll taxes	97,292	3,116	1,802	4,283	5,673	8,104	181	119	1,022	1,629	123,221
Occupancy	18,154	-	-	-	-	9,489	-	-	-	-	27,643
Computer/Software	30,021	-	-	-	-	450	-	-	-	-	30,471
Insurance	23,301	1,043	380	1,227	1,982	2,199	78	31	419	-	30,660
Postage and shipping	4,557	42	-	143	98	312	-	-	-	-	5,152
Professional fees	84,088	-	-	-	-	1,050	-	-	-	-	85,138
Printing	10,092	60	46	91	93	1,181	-	-	12	-	11,575
National dues	13,150	591	204	413	460	858	31	12	146	-	15,865
Equipment rental and maintenance	15,062	-	-	-	-	947	-	-	-	-	16,009
Telephone	28,718	120	-	272	703	1,669	-	-	-	-	31,482
Staff training	4,879	2	1	3	31	322	-	-	1	-	5,239
Office supplies	5,309	-	-	16	28	363	-	-	-	234	5,950
Travel	21,459	951	562	3,395	2,980	4,146	29	-	759	178	34,459
Advertising	90	-	15	-	-	604	-	-	-	1,090	1,799
Conferences and meetings	7,249	227	51	-	238	394	-	-	8	206	8,373
Memberships and dues	2,916	150	80	25	725	224	-	-	100	-	4,220
Appreciation	39	-	-	34	-	-	-	-	-	50	123
Activities	38,779	50	-	-	46	329	-	-	7	186	39,397
Miscellaneous	3,202	182	10	108	264	87	-	-	-	4,957	8,810
Recruitment	38,926	605	126	274	1,296	695	87	-	76	-	42,085
Interest	488	-	-	-	-	335	-	-	-	-	823
Special events	-	-	-	-	-	-	-	-	-	13,419	13,419
Provision for uncollectible pledges	19,657	-	-	-	-	-	-	-	-	-	19,657
Gifts in kind	59,596	594	33	712	2,765	223	-	-	-	2,515	66,438
Depreciation and amortization	57,795	-	-	-	-	-	-	-	-	-	57,795
Branch dues	-	3,220	1,036	3,895	7,977	10,262	-	20	1,354	(27,764)	-
	<u>1,816,744</u>	<u>46,104</u>	<u>25,078</u>	<u>61,677</u>	<u>89,447</u>	<u>132,958</u>	<u>2,592</u>	<u>1,608</u>	<u>16,303</u>	<u>16,469</u>	<u>2,208,980</u>
<b>Change in Net Assets</b>	(299,539)	(5,257)	(12,099)	(12,280)	13,031	(18,025)	(2,592)	(1,348)	(1,263)	-	(339,372)
<b>Net Assets (Deficit) at Beginning of Year</b>	<u>2,179,358</u>	<u>51,665</u>	<u>65,263</u>	<u>8,292</u>	<u>7,539</u>	<u>4,338</u>	<u>38,069</u>	<u>(7,340)</u>	<u>(9,652)</u>	<u>-</u>	<u>2,337,532</u>
<b>Net Assets (Deficit) at End of Year</b>	<u>\$ 1,879,819</u>	<u>\$ 46,408</u>	<u>\$ 53,164</u>	<u>\$ (3,988)</u>	<u>\$ 20,570</u>	<u>\$ (13,687)</u>	<u>\$ 35,477</u>	<u>\$ (8,688)</u>	<u>\$ (10,915)</u>	<u>\$ -</u>	<u>\$ 1,998,160</u>

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED**  
**YEAR ENDED JUNE 30, 2017**

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>											
Metro United Way	\$ 228,965	\$ -	\$ -	\$ 6,707	\$ 20,000	\$ 49,853	\$ -	\$ -	\$ 5,564	\$ -	\$ 311,089
Grants	651,251	16,935	11,134	5,014	22,915	21,000	-	-	12,488	-	740,737
Contributions	282,774	4,476	2,109	2,589	3,780	3,679	-	-	20	-	299,427
Special events, net											
Bowl for Kids Sake	241,151	11,403	5,778	22,447	10,786	28,281	-	-	-	18,645	338,491
Other events	182,623	7,281	12,273	12,555	10,746	14,218	157	-	-	33,225	273,078
Investment income	9,774	-	-	-	-	-	-	-	-	-	9,774
Gifts in kind	46,931	-	5,100	134	2,700	1,856	-	-	-	-	56,721
Realized and unrealized gains (losses)	833	-	-	-	-	-	-	-	-	-	833
Branch dues	25,736	-	-	-	-	705	-	-	-	(26,441)	-
<b>Total Revenues and Support</b>	<b>\$ 1,670,038</b>	<b>\$ 40,095</b>	<b>\$ 36,394</b>	<b>\$ 49,446</b>	<b>\$ 70,927</b>	<b>\$ 119,592</b>	<b>\$ 157</b>	<b>\$ -</b>	<b>\$ 18,072</b>	<b>\$ 25,429</b>	<b>\$ 2,030,150</b>

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**STATEMENTS OF ACTIVITIES BY LOCATION - CONTINUED**  
**YEAR ENDED JUNE 30, 2017**

	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Eliminations</u>	<u>Total</u>
<b>EXPENSES</b>											
Salaries	\$ 1,122,090	\$ 60,386	\$ 16,069	\$ 42,570	\$ 40,915	\$ 82,456	\$ 3,344	\$ 1,273	\$ 14,894	\$ 6,622	\$ 1,390,619
Employee benefits	97,574	2,737	842	1,282	1,947	1,942	198	76	452	-	107,050
Payroll taxes	112,099	6,853	1,457	3,865	5,913	7,927	335	133	1,040	970	140,592
Occupancy	18,690	-	-	-	-	8,700	-	-	-	-	27,390
Computer/Software	32,856	-	-	-	-	-	-	-	-	-	32,856
Insurance	22,155	1,315	354	931	1,661	1,592	43	30	364	-	28,445
Postage and shipping	6,128	40	108	150	69	237	-	-	-	149	6,881
Professional fees	28,130	-	-	-	-	-	-	-	-	-	28,130
Printing	10,212	98	49	130	246	1,147	2	-	10	20	11,914
National dues	12,473	440	264	451	-	891	3	23	170	-	14,715
Equipment rental and maintenance	16,750	-	-	-	-	26	-	-	-	-	16,776
Telephone	26,489	100	-	360	461	1,577	-	-	-	-	28,987
Staff training	2,575	80	-	-	80	30	-	-	-	-	2,765
Office supplies	5,248	-	6	4	26	432	-	-	-	43	5,759
Travel	24,187	1,864	965	2,082	1,396	4,751	30	-	1,358	-	36,633
Advertising	3,005	3	-	-	-	-	-	-	-	2,145	5,153
Conferences and meetings	11,025	111	240	268	87	162	-	-	-	253	12,146
Memberships and dues	4,730	283	539	70	778	135	-	-	100	-	6,635
Appreciation	487	300	-	-	-	144	-	-	-	58	989
Activities	39,710	70	(70)	335	464	471	-	-	40	-	41,020
Miscellaneous	11,236	41	-	(203)	12	(294)	-	-	-	6,415	17,207
Recruitment	31,693	10	3	-	-	203	-	-	80	-	31,989
Interest	240	-	-	-	-	57	-	-	-	-	297
Special events	-	-	-	-	-	-	-	-	-	33,225	33,225
Provision for uncollectible pledges	9,978	-	-	-	-	-	-	-	-	5	9,983
Gifts in kind	45,792	-	5,100	134	3,839	1,856	-	-	-	1,965	58,686
Depreciation and amortization	54,403	-	112	150	-	1,401	-	-	-	-	56,066
Branch dues	-	3,113	2,349	3,544	5,494	10,533	13	-	1,395	(26,441)	-
	<u>1,749,955</u>	<u>77,844</u>	<u>28,387</u>	<u>56,123</u>	<u>63,388</u>	<u>126,376</u>	<u>3,968</u>	<u>1,535</u>	<u>19,903</u>	<u>25,429</u>	<u>2,152,908</u>
<b>Change in Net Assets</b>	(79,917)	(37,749)	8,007	(6,677)	7,539	(6,784)	(3,811)	(1,535)	(1,831)	-	(122,758)
<b>Net Assets (Deficit) at Beginning of Year</b>	<u>2,259,275</u>	<u>89,414</u>	<u>57,256</u>	<u>14,969</u>	<u>-</u>	<u>11,122</u>	<u>41,880</u>	<u>(5,805)</u>	<u>(7,821)</u>	<u>-</u>	<u>2,460,290</u>
<b>Net Assets (Deficit) at End of Year</b>	<u>\$ 2,179,358</u>	<u>\$ 51,665</u>	<u>\$ 65,263</u>	<u>\$ 8,292</u>	<u>\$ 7,539</u>	<u>\$ 4,338</u>	<u>\$ 38,069</u>	<u>\$ (7,340)</u>	<u>\$ (9,652)</u>	<u>\$ -</u>	<u>\$ 2,337,532</u>

**BIG BROTHERS BIG SISTERS OF KENTUCKIANA, INC.**  
**SCHEDULES OF REVENUE AND EXPENSES – BOWL FOR KIDS SAKE**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018									
	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Total</u>
<b>Revenue</b>	\$ 224,602	\$ 9,509	\$ 1,363	\$ 24,397	\$ 14,966	\$ 24,989	\$ -	\$ -	\$ -	\$ 299,826
<b>Expenses</b>										
Cost of direct benefits to donors	18,998	305	-	2,308	1,228	583	-	-	-	23,422
Other expenses	29,948	100	10	50	129	577	-	-	-	30,814
<b>Excess revenue over expenses</b>	<u>\$ 175,656</u>	<u>\$ 9,104</u>	<u>\$ 1,353</u>	<u>\$ 22,039</u>	<u>\$ 13,609</u>	<u>\$ 23,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,590</u>
	2017									
	<u>Jefferson</u> <u>County</u>	<u>Oldham</u> <u>County</u>	<u>Shelby</u> <u>County</u>	<u>Harrison</u> <u>County</u>	<u>Clark</u> <u>County</u>	<u>Hardin</u> <u>County</u>	<u>Nelson</u> <u>County</u>	<u>Taylor</u> <u>County</u>	<u>Grayson</u> <u>County</u>	<u>Total</u>
<b>Revenue</b>	\$ 268,213	\$ 12,051	\$ 6,159	\$ 24,808	\$ 11,881	\$ 33,742	\$ -	\$ -	\$ -	\$ 356,854
<b>Expenses</b>										
Cost of direct benefits to donors	10,939	478	323	2,287	668	3,668	-	-	-	18,363
Other expenses	16,123	170	58	74	427	1,793	-	-	-	18,645
<b>Excess revenue over expenses</b>	<u>\$ 241,151</u>	<u>\$ 11,403</u>	<u>\$ 5,778</u>	<u>\$ 22,447</u>	<u>\$ 10,786</u>	<u>\$ 28,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,846</u>