

BIG BROTHERS OF NASHVILLE

FINANCIAL STATEMENTS

JUNE 30, 2010

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JUNE 30, 2010**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers of Nashville
Nashville, Tennessee

We have audited the accompanying statement of financial position of Big Brothers of Nashville (a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers of Nashville as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Joe Osterfeld, CPA
Columbia, Tennessee
September 23, 2010

BIG BROTHERS OF NASHVILLE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

Current Assets	
Cash and cash equivalents	\$ 53,147
Cash and cash equivalents, restricted for Project Help	4,550
Cash and cash equivalents, restricted for Castastrophic Fund	147,884
Certificates of deposit	115,909
Total Current Assets	<u>321,490</u>
Property and Equipment	
Computers	20,901
Leasehold improvements	5,193
Furniture and fixtures	2,609
	<u>28,703</u>
Less: accumulated depreciation	27,144
Total Property and Equipment	<u>1,559</u>
Other Assets	
Deposits	<u>2,000</u>
Total Assets	<u><u>\$ 325,049</u></u>

LIABLITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 7,626
Payroll taxes payable	557
Total Current Liabilities	<u>8,183</u>
Net Assets	
Unrestricted	48,224
Board designated	263,793
Total Unrestricted	<u>312,017</u>
Temporarily Restricted	4,849
Total Net Assets	<u>316,866</u>
Total Liabilities and Net Assets	<u><u>\$ 325,049</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF ACTIVITIES
JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Grants and awards	\$ 37,500	\$ 76,800	\$ 114,300
Project Help contributions	-	136,543	136,543
Project Help administration	-	12,500	12,500
Mt. Zion contributions	-	38,341	38,341
RBI contributions	1,035	-	1,035
Public support	127,362	230	127,592
Fundraising	47,214	-	47,214
Interest income	7,680	-	7,680
Net assets released from restrictions	275,794	(275,794)	-
Total Revenues	<u>496,585</u>	<u>(11,380)</u>	<u>485,205</u>
Expenses			
Program - Project Help	164,487	-	164,487
Program - Community Service	138,730	-	138,730
Program - Mt. Zion Assistance	42,592	-	42,592
Program - Community Enhancement	80,854	-	80,854
Program - others	1,000	-	1,000
General and administrative	14,277	-	14,277
Fundraising	31,312	-	31,312
Total Expenses	<u>473,251</u>	<u>-</u>	<u>473,251</u>
Increase (derease) in net assets	23,334	(11,380)	11,954
Net assets - beginning	<u>288,683</u>	<u>16,229</u>	<u>304,912</u>
Net assets - ending	<u><u>\$ 312,017</u></u>	<u><u>\$ 4,849</u></u>	<u><u>\$ 316,866</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2010

	<u>Project Help Assistance</u>	<u>Program and Community Services</u>	<u>Mt. Zion Assistance</u>	<u>Community Enhancement</u>	<u>Other Programs</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses	\$ 12,633	\$ 10,366	\$ 3,239	\$ 6,155	\$ -	\$ -	\$ -	\$ 32,393
Salary and wages	966	793	248	471	-	-	-	2,478
Taxes and benefits	147,956	74,518	13,208	62,536	-	-	-	298,218
Utilities	950	780	244	463	-	-	1,044	3,481
Telephone	-	28,698	25,145	10,264	-	-	-	64,107
Rental assistance	1,981	1,626	508	965	-	-	2,176	7,256
Rent - office	-	-	-	-	-	10,319	-	10,319
Red Nose Run expense	-	19,895	-	-	-	-	-	19,895
Food baskets	-	-	-	-	-	125	-	125
Big Tribute event	-	-	-	-	-	18,750	5,219	23,969
Professional fees	-	1,390	-	-	-	-	-	1,390
Food certificates	-	-	-	-	-	306	-	306
Other fundraising	-	-	-	-	-	-	-	-
Office expenses	-	-	-	-	-	-	4,247	4,247
Tabloid expense	-	-	-	-	-	1,812	-	1,812
Insurance	-	-	-	-	-	-	931	931
Postage	-	-	-	-	-	-	90	90
Awards and gifts	-	-	-	-	-	-	570	570
Other assistance	-	665	-	-	1,000	-	-	1,665
Total Expenses	\$ 164,487	\$ 138,730	\$ 42,592	\$ 80,854	\$ 1,000	\$ 31,312	\$ 14,277	\$ 473,251

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF CASH FLOWS
JUNE 30, 2010

Cash Flows from Operating Activities:	
Increase (decrease) in net assets	\$ 11,954
Increase (decrease) in operating liabilities	
Accounts payable	(72)
Cash Flows provided (used) by Operating Activities	<u>11,882</u>
Increase (decrease) in cash	11,882
Cash and cash equivalents - beginning	<u>309,608</u>
Cash and cash equivalents - ending	<u><u>\$ 321,490</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Big Brothers of Nashville (BBN) was founded in 1912 to provide “last resort” emergency needs to indigent families and individuals in the Nashville area. Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to Big Brothers of Nashville’s existence. A board of directors governs the organization.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

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

Donation of Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. It is Big Brothers of Nashville’s policy to imply a time restriction, based on the assets’ estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. Big Brothers of Nashville reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property and equipment.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance a non-financial asset or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Big Brothers of Nashville.

Big Brothers of Nashville receives a significant amount of contributed time from unpaid volunteers who assist in fundraising and special projects that does not meet the recognition criteria described above. Accordingly, the value of the contributed time has not been determined and is not reflected in the accompanying financial statements.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Estimates

Management 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.

Fair Values of Financial Instruments

Financial instruments of Big Brothers of Nashville include cash, short-term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year end does not differ materially from the carrying values of the financial instruments recorded in the accompanying statement of financial position.

Financial Statement Presentation

Big Brothers of Nashville is required to report 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. At June 30, 2010, BBN had no permanently restricted net assets.

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 Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

Big Brothers of Nashville is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, no provision for income taxes has been made.

Property and Equipment

Purchased property and equipment are capitalized at cost. Expenditures for ordinary maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method over the useful life of the asset and is reflected as an expense in the Statement of Functional Expenses.

Contributions

The majority of Big Brothers of Nashville's support is derived from contributions by the general public, other civic or religious organizations, and other Big Brothers of Nashville partners. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE 2 – CASH AND CREDIT RISK

All cash and certificate of deposits of Big Brothers of Nashville is deposited in FDIC insured banks. At June 30, 2010, Big Brothers of Nashville had deposits of \$83,433 exceeding the FDIC deposit insurance coverage. Management believes that the risk of loss is mitigated by maintaining deposits in high quality financial institutions.

NOTE 3 – NET ASSETS

By prior resolution of the Board of Directors, a portion of the net assets were designated as a disaster reserve. The Board reserves the right to assign amounts between the emergency assistance and community service programs on an as needed basis.

NOTE 4 – OPERATING LEASES

Big Brothers of Nashville entered into an operating lease for office space through October 2009 that has since expired. The organization continues to pay a monthly rental of \$550 month to month. There are no future minimum lease payments due. In addition to the monthly lease payments, Big Brothers of Nashville is required to pay a percentage of the property taxes, insurance and maintenance on the property leased. Rent expense was \$7,256 for the year ended June 30, 2010.

NOTE 5 – PROJECT HELP

Big Brothers of Nashville has an agreement with Nashville Electric Service and Nashville Gas Company whereby Big Brothers of Nashville assumes the responsibility for administering Project Help, an energy assistance program to provide eligible individuals with heating during the period from November 1 through March 31 each year. The agreement may be terminated with thirty days advance notice. For the year ended June 30, 2010,

Big Brothers of Nashville received \$12,500 to cover the costs of administering the program. Effective November 1, 2007, Big Brothers of Nashville renewed their contract with Nashville Electric Service for a three-year period. Piedmont Gas (formerly Nashville Gas) did not renew their contract with Big Brothers of Nashville.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
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For the year ended June 30, 2010, Big Brothers of Nashville, as administrator of Project Help, collected and distributed the following amounts:

Revenues:	Donations through Nashville Electric Service	\$ 136,562
Expenses:	Disbursements for electricity	<u>147,976</u>
	Net increase (decrease)	(11,414)
	Cash balance – beginning of year	<u>15,964</u>
	Cash balance – end of year	<u>\$ 4,550</u>

NOTE 6 – MOUNT ZION BAPTIST CHURCH

Big Brothers Nashville had an agreement with Mount Zion Baptist Church whereby Big Brothers of Nashville managed the Mount Zion Baptist Church's Benevolence Ministry, a program designed to provide financial assistance to individuals and families for mortgage or rent payments, utility bills, and medical needs. Nutritional and basic needs were also considered. This program was terminated March 31, 2010.

For the year ended June 30, 2010, Big Brothers of Nashville, as administrator of Mount Zion Baptist Church's Benevolent Ministry, collected and distributed the following amounts:

Revenues:	Contributions (from Mount Zion)	<u>\$ 41,500</u>
Expenses:	Disbursements for electricity	11,543
	Disbursements for natural gas	624
	Disbursements for mortgages and rent	25,145
	Disbursements for water	<u>1,041</u>
	Total expenses	<u>38,353</u>
	Net increase (decrease)	3,147
	Cash balance – beginning of year	11
	Cash returned to Mt. Zion	(<u>3,158</u>)
	Cash balance – end of year	<u>\$ 0</u>

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 – COMMUNITY ENHANCEMENT FUND

Big Brothers of Nashville was awarded and received a grant of \$72,800 from the Metropolitan Government of Nashville and Davidson County, Tennessee. These grant funds were designated to provide eligible families and individuals with non-recurring emergency payments for utilities and rent.

For the year ended June 30, 2010, Big Brothers of Nashville, from the Community Enhancement Fund, received and distributed the following amounts:

Revenues:	Community Enhancement Fund Grant	\$72,800
Expenses:	Disbursements for electricity	54,279
	Disbursements for natural gas	4,270
	Disbursements for rent	10,264
	Disbursements for water	<u>3,987</u>
	Net increase (decrease)	0
	Cash balance – beginning of year	<u>0</u>
	Cash balance – end of year	\$ 0

NOTE 8 - FINANCIAL DEPENDENCE

Big Brothers of Nashville is substantially funded by contributions through Nashville Electric Service for Project Help, Metropolitan Government of Nashville and Davidson County, and various Foundations. A significant reduction in the level of this support, if this were to occur, may have an effect in the programs and activities that are administered by Big Brothers of Nashville.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events were evaluated through September 23, 2010, which is the date the financial statements were available to be issued. No subsequent events were required to be reported.