

# **BIG BROTHERS OF NASHVILLE**

## **FINANCIAL STATEMENTS**

**JUNE 30, 2011**

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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, 2011, 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, 2011, 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**

Digitally signed by Joe Osterfeld, CPA  
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Joe Osterfeld, CPA  
Columbia, Tennessee  
October 25, 2011

**BIG BROTHERS OF NASHVILLE  
FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**BIG BROTHERS OF NASHVILLE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 106,081
Cash and cash equivalents, restricted for Project Help	295
Cash and cash equivalents, restricted for Castastrophic Fund	149,309
Certificates of deposit	<u>120,666</u>
Total Current Assets	376,351
Property and Equipment	
Computers	20,901
Leasehold improvements	5,193
Furniture and fixtures	<u>2,609</u>
	28,703
Less: accumulated depreciation	<u>(28,011)</u>
Total Property and Equipment	692
Other Assets	
Deposits	<u>2,000</u>
Total Assets	<u><u>\$ 379,043</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 6,945
Payroll taxes payable	539
Total Current Liabilities	<u>7,484</u>
Net Assets	
Unrestricted	100,498
Board designated	269,975
Total Unrestricted	<u>370,473</u>
Temporarily Restricted	<u>1,086</u>
Total Net Assets	<u><u>371,559</u></u>
Total Liabilities and Net Assets	<u><u>\$ 379,043</u></u>

See accompanying notes to the financial statements.

**BIG BROTHERS OF NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Government grants and awards	\$ -	\$ 82,900	\$ 82,900
NES Project Help contributions	-	153,192	153,192
NES Project Help administration	12,500	-	12,500
NES Watt Ads contributions	26,900	-	26,900
Community Foundation grants	1,500	146,000	147,500
Frist Foundation grants	29,510	-	29,510
Memorial Foundation grants	15,000	-	15,000
Washington Foundation grant	5,000	-	5,000
Boulevard Bolt contributions	9,000	-	9,000
Mt. Zion contributions	-	5,000	5,000
Sertoma Club contributions	5,000	-	5,000
Public support	63,637	-	63,637
Fundraising	77,835	-	77,835
Interest income	6,388	-	6,388
Net assets released from restrictions	390,855	(390,855)	-
Total Revenues	<u>643,125</u>	<u>(3,763)</u>	<u>639,362</u>
Expenses			
Program - Project Help	178,153	-	178,153
Program - Community Service	251,542	-	251,542
Program - Community Enhancement	89,253	-	89,253
General and administrative	8,408	-	8,408
Fundraising	57,314	-	57,314
Total Expenses	<u>584,669</u>	<u>-</u>	<u>584,669</u>
Increase (decrease) in net assets	58,456	(3,763)	54,693
Net assets - beginning	<u>312,017</u>	<u>4,849</u>	<u>316,866</u>
Net assets - ending	<u>\$ 370,473</u>	<u>\$ 1,086</u>	<u>\$ 371,559</u>

See accompanying notes to the financial statements.

**BIG BROTHERS OF NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Project Help Assistance</u>	<u>BBN Services</u>	<u>Community Enhancement</u>	<u>Fundraising</u>	<u>General and Adminstrative</u>	<u>Total</u>
Expenses						
Utilities assistance	\$ 157,446	\$ 67,474	\$ 78,200	\$ -	\$ -	\$ 303,120
Housing assistance	-	133,390	700	-	-	134,090
Food boxes assistance	-	18,181	-	-	-	18,181
Food certificates assistance	-	980	-	-	-	980
Sub-total assistance	157,446	220,025	78,900	-	-	456,371
Salary and wages	12,649	18,230	6,325	-	-	37,204
Payroll taxes and benefits	1,043	1,503	522	-	-	3,068
Professional fees	-	1,674	-	29,715	5,438	36,827
Office expenses	3,171	4,571	1,585	2,323	1,410	13,060
Telephone	815	1,174	407	-	126	2,523
Rent	3,028	4,364	1,514	-	469	9,375
Insurance	-	-	-	-	965	965
Red Nose Run expense	-	-	-	12,998	-	12,998
Big Tribute event	-	-	-	12,278	-	12,278
Total Expenses	\$ 178,153	\$ 251,542	\$ 89,253	\$ 57,314	\$ 8,408	\$ 584,669

See accompanying notes to the financial statements.

**BIG BROTHERS OF NASHVILLE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

Cash Flows from Operating Activities:	
Increase (decrease) in net assets	\$ 54,693
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	867
Increase (decrease) in operating liabilities	
Accounts payable	<u>(699)</u>
Cash Flows provided (used) by Operating Activities	<u>54,861</u>
Increase (decrease) in cash	54,861
Cash and cash equivalents - beginning	<u>321,490</u>
Cash and cash equivalents - ending	<u><u>\$ 376,351</u></u>

See accompanying notes to the financial statements.

**BIG BROTHERS OF NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 BBN’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.

Basis of Financial Statement Presentation

Financial statement presentation follows US generally accepted accounting principles which requires BBN 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, 2011, BBN had no permanently restricted net assets.

Cash and Cash Equivalents

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

Contributions

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

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.



**BIG BROTHERS OF NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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 BBN'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. BBN 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 BBN. BBN 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.

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 BBN 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.

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.

**BIG BROTHERS OF NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Income Taxes

BBN 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.

**NOTE 2 – CASH AND CREDIT RISK**

All cash and certificate of deposits of BBN is deposited in FDIC insured banks. At June 30, 2011, BBN did not have any deposits exceeding the FDIC deposit insurance coverage.

**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**

BBN has entered into an operating lease for office space through November 2014. The following is a summary of future minimum lease payments due:

Year Ending	
<u>June 30</u>	
2012	\$ 11,575
2013	11,875
2014	5,000

If BBN remains in the property after the end of the lease, they become a month-to-month tenant and will be required to pay 150% of the rent (\$1,500)/month. Rent expense was \$9,375 for the year ended June 30, 2011.

**BIG BROTHERS OF NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 5 – PROJECT HELP**

BBN has an agreement with Nashville Electric Service 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, 2010 through October 31, 2013. The agreement may be terminated with thirty days advance notice by either party. For the year ended June 30, 2011, BBN received \$12,500 to cover the costs of administering the program.

For the year ended June 30, 2011, BBN, as administrator of Project Help, collected and distributed the following amounts:

Revenues:	
Donations through Nashville Electric Service	\$ 153,192
Expenses:	
Disbursements for electricity	<u>157,446</u>
Net increase (decrease)	( 4,254)
Cash balance – beginning of year	<u>4,549</u>
Cash balance – end of year	<u>\$ 296</u>

**NOTE 6 - 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 BBN.

**NOTE 7 – DATE OF MANAGEMENT’S REVIEW**

Management has evaluated subsequent events through October 25, 2011, which is the date the financial statements were available to be issued. No subsequent events were required to be reported.