

BIG BROTHERS OF NASHVILLE

FINANCIAL STATEMENTS

JUNE 30, 2009

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JUNE 30, 2009**

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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, 2009, 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, 2009, 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
September 2, 2009

BIG BROTHERS OF NASHVILLE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

Current Assets	
Cash and cash equivalents	\$ 37,236
Cash and cash equivalents, restricted for Project Help	15,964
Certificates of deposit	256,408
Total Current Assets	309,608
Property and Equipment	
Computers	20,901
Leasehold improvements	5,193
Furniture and fixtures	2,609
	28,703
Less: accumulated depreciation	27,144
Total Property and Equipment	1,559
Other Assets	
Deposits	2,000
	2,000
Total Assets	\$ 313,167

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 7,626
Payroll taxes payable	629
Total Current Liabilities	8,255
Net Assets	
Unrestricted	32,275
Board designated	256,408
Total Unrestricted	288,683
Temporarily Restricted	16,229
Total Net Assets	304,912
Total Liabilities and Net Assets	\$ 313,167

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF ACTIVITIES
JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Project Help contributions	\$ -	\$ 142,019	\$ 142,019
Project Help administration	-	12,500	12,500
Mt. Zion contributions	-	73,500	73,500
Public support	121,572	-	121,572
Fundraising	92,623		92,623
Interest income	10,736	576	11,312
Net assets released from restrictions	268,639	(268,639)	-
Total Revenues	<u>493,570</u>	<u>(40,044)</u>	<u>453,526</u>
Expenses			
Program - Project Help	198,619	-	198,619
Program - Community Service	151,002	-	151,002
Program - Mt. Zion Assistance	77,035	-	77,035
General and administrative	22,305	-	22,305
Fundraising	28,610	-	28,610
Total Expenses	<u>477,572</u>	<u>-</u>	<u>477,572</u>
 Increase (decrease) in net assets	 15,998	 (40,044)	 (24,046)
 Net assets - beginning	 <u>272,685</u>	 <u>56,273</u>	 <u>328,958</u>
 Net assets - ending	 <u>\$ 288,683</u>	 <u>\$ 16,229</u>	 <u>\$ 304,912</u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2009

	Project Help Assistance	Program and Community Services	Mt. Zion Assistance	Fundraising	General and Adminstrative	Total
Expenses						
Salary and wages	\$ 14,501	\$ 14,501	\$ 3,224		\$ 557	\$ 32,783
Taxes and benefits	1,109	1,109	247	-	43	2,508
Utilities	183,009	89,439	27,570	-	4,366	304,384
Rent	-	29,898	40,535	-	7,211	77,644
Red Nose Run expense	-	-	-	10,009	-	10,009
Food baskets	-	14,067	-	-	-	14,067
Big Tribute event	-	-	-	13,014	-	13,014
Professional fees	-	-	-	-	6,275	6,275
Supplies	-	-	59	-	2,117	2,176
Food certificates	-	1,290	-	-	-	1,290
Other fundraising	-	-	-	4,270	-	4,270
Tabloid expense	-	-	-	1,317	-	1,317
Insurance	-	-	-	-	1,107	1,107
Dues and subscriptions	-	-	-	-	170	170
Postage	-	-	-	-	459	459
Other assistance	-	698	5,400	-	-	6,098
Total Expenses	\$ 198,619	\$ 151,002	\$ 77,035	\$ 28,610	\$ 22,305	\$ 477,572

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF CASH FLOWS
JUNE 30, 2009

Cash Flows from Operating Activities:	
Increase (decrease) in net assets	\$ (24,046)
Increase (decrease) in operating liabilities	
Accounts payable	27
Unearned revenue	(304)
Cash Flows provided (used) by Operating Activities	<u>(24,323)</u>
Increase (decrease) in cash	(24,323)
Cash and cash equivalents - beginning	<u>333,931</u>
Cash and cash equivalents - ending	<u><u>\$ 309,608</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

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 in accordance with generally accepted accounting principles.

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. Cash equivalents at June 30, 2009 were \$309,608.

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. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Donation of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. BBN reports these donations as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how these long-lived assets must be maintained, BBN reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. BBN transfers temporarily restricted net assets to unrestricted net assets at that time.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Donated Services

BBN records donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Additionally, 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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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.

Financial Statement Presentation

BBN has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, BBN 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. As permitted by the statement, BBN does not use fund accounting. At fiscal year end, 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

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)(v1). Accordingly, no provision for income taxes has been made.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

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 BBN's support is derived from contributions by the general public, other civic or religious organizations, and other BBN partners.

BBN accounts for contributions in accordance with Statement on Financial Accounting Standard (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restriction.

NOTE 2 – CASH AND CREDIT RISK

All cash and certificate of deposits of BBN is deposited in FDIC insured banks. At June 30, 2009, BBN had deposits of \$58,144 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

BBN has entered into an operating lease for office space through October 2009. The following is a summary of future minimum lease payments due:

Year Ending	
<u>June 30</u>	
2010	\$ 2,200

Rent expense was \$7,211 for the year ended June 30, 2009.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 – PROJECT HELP

BBN 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, 2009, BBN received \$12,500 to cover the costs of administering the program. Effective November 1, 2007, BBN renewed their contract with Nashville Electric Service for a three-year period. Piedmont Gas (formerly Nashville Gas) did not renew their contract with BBN, but continued to make donations.

For the year ended June 30, 2009, BBN, as administrator of Project Help, collected and distributed the following amounts:

Revenues:	
Donations through Nashville Electric Service	\$ 140,003
Donations through Piedmont Gas Company	1,515
Other contributions and interest	<u>1,226</u>
Total revenues	142,744
Expenses:	
Disbursements for electricity	180,171
Disbursements for natural gas	2,838
Other disbursements	<u>30</u>
Total expenses	<u>183,039</u>
Net increase (decrease)	(40,295)
Cash balance – beginning of year	<u>56,259</u>
Cash balance – end of year	<u>\$ 15,964</u>

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – MOUNT ZION BAPTIST CHURCH

Big Brothers Nashville has an agreement with Mount Zion Baptist Church whereby BBN manages 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 are also considered.

For the year ended June 30, 2009, BBN, as administrator of Mount Zion Baptist Church’s Benevolent Ministry, collected and distributed the following amounts:

Revenues:	
Contributions (from Mount Zion)	<u>\$ 73,500</u>
Expenses:	
Disbursements for electricity	23,060
Disbursements for natural gas	2,331
Disbursements for mortgages and rent	40,535
Disbursements for water	2,179
Disbursements for Big Brothers of Nashville auction	5,000
Disbursements for miscellaneous	400
Disbursements for supplies	<u>59</u>
Total expenses	<u>73,564</u>
Net increase (decrease)	(64)
Cash balance – beginning of year	<u>75</u>
Cash balance – end of year	<u>\$ 11</u>

NOTE 6 - FINANCIAL DEPENDENCE

Big Brothers of Nashville is substantially funded by contributions through Nashville Electric Service for Project Help. 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.