

BIG BROTHERS OF NASHVILLE

FINANCIAL STATEMENTS

JUNE 30, 2008

***JOE OSTERFELD, CPA
CERTIFIED PUBLIC ACCOUNTANT
710 NORTH MAIN STREET ~ SUITE A
PO BOX 807
COLUMBIA, TN 38402-0807***

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JUNE 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Financial Position	2
Statement of Activities	3
Statements of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

JOE OSTERFELD, CPA

CERTIFIED PUBLIC ACCOUNTANT

710 NORTH MAIN STREET ~ SUITE A ~ PO BOX 807 ~ COLUMBIA, TN 38402-0807
TELEPHONE: 931-388-7144 ~ FAX: 931-388-7239

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

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, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Big Brothers of Nashville'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 in the first paragraph present fairly, in all material respects, the financial position of Big Brothers of Nashville as of June 30, 2008, 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, TN
October 7, 2008

BIG BROTHERS OF NASHVILLE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Current Assets	
Cash and cash equivalents	\$ 31,403
Cash and cash equivalents, restricted for Project Help	56,259
Certificates of deposit	246,269
Total Current Assets	<u>333,931</u>
Property and Equipment	
Computers	20,902
Leasehold improvements	5,193
Furniture and fixtures	2,609
	<u>28,704</u>
Less: accumulated depreciation	27,144
Total Property and Equipment	<u>1,560</u>
Other Assets	
Deposits	<u>2,000</u>
Total Assets	<u><u>\$ 337,491</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 7,626
Payroll taxes payable	602
Deferred revenue	305
Total Current Liabilities	<u>8,533</u>
Net Assets	
Unrestricted	34,037
Board designated	238,648
Total Unrestricted	<u>272,685</u>
Temporarily Restricted	56,273
Total Net Assets	<u><u>328,958</u></u>
Total Liabilities and Net Assets	<u><u>\$ 337,491</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF ACTIVITIES
JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Project Help contributions	\$ -	\$ 157,178	\$ 157,178
Project Help administration	-	12,500	12,500
Mt. Zion contributions	-	21,500	21,500
Public support	135,457	-	135,457
Fundraising	65,221		65,221
Interest income	8,163	107	8,270
Net assets released from restrictions	194,710	(194,710)	-
Total Revenues	<u>403,551</u>	<u>(3,425)</u>	<u>400,126</u>
Expenses			
Program - Project Help	171,754	-	171,754
Program - Community Service	123,119	-	123,119
Program - Mt. Zion Assistance	25,566	-	25,566
General and administrative	36,494	-	36,494
Fundraising	27,184	-	27,184
Total Expenses	<u>384,117</u>	<u>-</u>	<u>384,117</u>
Increase (derease) in net assets	19,434	(3,425)	16,009
Net assets - beginning	<u>253,251</u>	<u>59,698</u>	<u>312,949</u>
Net assets - ending	<u><u>\$ 272,685</u></u>	<u><u>\$ 56,273</u></u>	<u><u>\$ 328,958</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2008

	<u>Project Help Assistance</u>	<u>Program and Community Services</u>	<u>Mt. Zion Assistance</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses						
Salary and wages	\$ 17,314	\$ 17,314	\$ 3,847		\$ 8,539	\$ 47,014
Taxes and benefits	1,325	1,325	294	-	653	3,597
Utilities	153,115	58,135	4,803	-	5,936	221,989
Rent	-	38,059	10,892	-	7,178	56,129
Red Nose Run expense	-	-	-	9,664	-	9,664
Food baskets	-	7,767	-	-	-	7,767
Cool Country Run	-	-	-	6,816	-	6,816
Big Tribute event	-	-	-	9,658	-	9,658
Professional fees	-	-	-	-	11,055	11,055
Supplies	-	-	130	-	1,086	1,216
Food certificates	-	319	-	-	-	319
Other fundraising	-	-	-	106	-	106
Tabloid expense	-	-	-	940	-	940
Insurance	-	-	-	-	990	990
Dues and subscriptions	-	-	-	-	220	220
Postage	-	-	-	-	660	660
Depreciation	-	-	-	-	177	177
Other assistance	-	-	-	-	-	-
	-	200	5,600	-	-	5,800
Total Expenses	\$ 171,754	\$ 123,119	\$ 25,566	\$ 27,184	\$ 36,494	\$ 384,117

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
STATEMENT OF CASH FLOWS
JUNE 30, 2008

Cash Flows from Operating Activities:	
Increase (decrease) in net assets	\$ 16,009
Adjustments to reconcile increase (decrease) in net cash	
Depreciation	176
(Increase) decrease in operating assets	
Increase (decrease) in operating liabilities	
Accounts payable	(128)
Cash Flows provided (used) by Operating Activities	16,057
Increase (decrease) in cash	16,057
Cash and cash equivalents - beginning	<u>317,874</u>
Cash and cash equivalents - ending	<u><u>\$ 333,931</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008 were \$333,931.

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, 2008

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 June 30, 2008, 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)(vi). Accordingly, no provision for income taxes has been made.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008, BBN had deposits exceeding the \$233,297 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>	
2009	\$ 6,600
2010	<u>2,200</u>
	<u>\$ 8,800</u>

Rent expense was \$7,178 for the year ended June 30, 2008.

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – PROJECT HELP

BBN has an agreement with Nashville Electric Service whereby Big Brothers of Nashville assumes the responsibility for administering Project Help, a year round utility assistance program, to eligible individuals. The agreement may be terminated with thirty days advance notice. For the year ended June 30, 2008, 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 Company (formerly Nashville Gas Company) also had an agreement with BBN to administer Project Help to provide natural gas assistance to eligible individuals. Piedmont Gas did not renew their contract with BBN during the current fiscal year, but continues to make donations. Piedmont Gas does not pay for the costs of administering the program.

For the year ended June 30, 2008, BBN, as administrator of Project Help, collected and distributed the following amounts:

Revenues:

Donations through Nashville Electric Service	\$ 135,054
Donations through Piedmont Gas Company	20,815
Other contributions and interest	<u>1,322</u>
Total revenues	157,191

Expenses:

Disbursements for electricity	131,778
Disbursements for natural gas	<u>21,337</u>

Total expenses 153,115

Net increase (decrease) 4,076

Cash balance – beginning of year 52,183

Cash balance – end of year \$ 56,259

BIG BROTHERS OF NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008, BBN, as administrator of Mount Zion Baptist Church's Benevolent Ministry, collected and distributed the following amounts:

Revenues:

Contributions (from Mount Zion)	\$ <u>21,500</u>
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Expenses:

Disbursements for electricity	4,396
Disbursements for natural gas	214
Disbursements for mortgages and rent	10,891
Disbursements for water	193
Disbursements for Big Brothers of Nashville auction	5,000
Disbursements for supplies	<u>130</u>

Total expenses	<u>21,425</u>
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Net increase (decrease)	75
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Cash balance – beginning of year	<u>0</u>
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Cash balance – end of year	<u>\$ 75</u>
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NOTE 6 - FINANCIAL DEPENDENCE

Big Brothers of Nashville is substantially funded by contributions through Nashville Electric Service and Piedmont Gas Company 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.