



Big Brothers Big Sisters of Massachusetts Bay, Inc.

Financial Statements

Years Ended June 30, 2015 and 2014

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

TABLE OF CONTENTS

	<i>Page</i>
Independent Auditor's Report.....	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows.....	5
Notes to Financial Statements	6-17



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Big Brothers Big Sisters of Massachusetts Bay, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Big Brothers Big Sisters of Massachusetts Bay, Inc. (a non-profit organization) which comprise the statements of financial position as of June 30, 2015, 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.

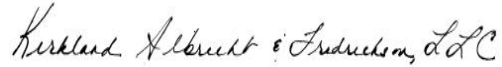
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Massachusetts Bay, Inc. as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Big Brothers Big Sisters of Massachusetts Bay, Inc.'s 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 3, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Kirkland Albrecht & Fredrickson, LLC
Braintree, Massachusetts

October 29, 2015

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Statements of Financial Position

June 30, 2015 and 2014

<u>ASSETS</u>		<u>2015</u>	<u>2014</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$	3,590,296	\$ 3,286,153
Current portion of contributions receivable		1,899,302	1,986,716
Grants receivable		-	70,000
Investments		2,015,241	1,078,711
Prepaid expenses and other current assets		149,008	246,197
Property held for sale		69,995	-
Total current assets		<u>7,723,842</u>	<u>6,667,777</u>
PROPERTY AND EQUIPMENT, NET			
		<u>411,748</u>	<u>208,746</u>
OTHER ASSETS:			
Contributions receivable, net of current portion		1,597,195	2,935,976
Investments		3,740,730	3,945,796
Security deposit		1,600	-
Total other assets		<u>5,339,525</u>	<u>6,881,772</u>
Total assets	\$	<u><u>13,475,115</u></u>	\$ <u><u>13,758,295</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
		<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES:			
Current portion of long term debt	\$	36,411	\$ 3,466
Current portion of capital lease obligation		8,094	7,789
Accounts payable		359,496	100,065
Accrued expenses		421,370	458,066
Deferred revenue		116,750	68,450
Deferred lease incentive		414,968	29,566
Total current liabilities		<u>1,357,089</u>	<u>667,402</u>
LONG-TERM LIABILITIES:			
Long term debt, net of current portion		-	36,181
Capital lease obligation, net of current portion		12,811	21,759
Total liabilities		<u>1,369,900</u>	<u>725,342</u>
NET ASSETS:			
Unrestricted:			
Operations		4,281,166	3,837,025
Board designated		1,151,949	1,164,355
Total unrestricted net assets		<u>5,433,115</u>	<u>5,001,380</u>
Temporarily restricted		4,924,339	6,283,812
Permanently restricted		1,747,761	1,747,761
Total net assets		<u>12,105,215</u>	<u>13,032,953</u>
Total liabilities and net assets	\$	<u><u>13,475,115</u></u>	\$ <u><u>13,758,295</u></u>

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Statements of Activities

Year Ended June 30, 2015, with Comparative Totals for the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Comparative Total
REVENUES AND OTHER SUPPORT:					
Special events	\$ 3,505,983	\$ 33,516	\$ -	\$ 3,539,499	\$ 3,516,158
Less cost of special events	(1,424,023)	-	-	(1,424,023)	(1,385,548)
Net revenues from special events	2,081,960	33,516	-	2,115,476	2,130,610
Individuals	1,152,892	792,802	-	1,945,694	1,547,392
Corporations, foundations, government and United Way	788,676	934	-	789,610	787,846
BBBS Foundation and other revenue	375,722	-	-	375,722	423,866
	4,399,250	827,252	-	5,226,502	4,889,714
Net assets released from restrictions	2,039,504	(2,039,504)	-	-	-
Endowment appropriation	110,000	-	-	110,000	90,000
Total revenues and other support	6,548,754	(1,212,252)	-	5,336,502	4,979,714
EXPENSES:					
Program services	4,628,231	-	-	4,628,231	4,289,454
General and administrative	265,549	-	-	265,549	380,142
Fundraising and development	1,204,456	-	-	1,204,456	995,838
Total expenses	6,098,236	-	-	6,098,236	5,665,434
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	450,518	(1,212,252)	-	(761,734)	(685,720)
NON-OPERATING ACTIVITY:					
Income from investments, net of fees	51,074	113,420	-	164,494	57,736
Net realized and unrealized gains (losses) on investments	(69,857)	(150,641)	-	(220,498)	525,178
Endowment appropriation	-	(110,000)	-	(110,000)	(90,000)
Total non-operating activity	(18,783)	(147,221)	-	(166,004)	492,914
CHANGE IN NET ASSETS	431,735	(1,359,473)	-	(927,738)	(192,806)
NET ASSETS, BEGINNING OF YEAR	5,001,380	6,283,812	1,747,761	13,032,953	13,225,759
NET ASSETS, END OF YEAR	\$ 5,433,115	\$ 4,924,339	\$ 1,747,761	\$ 12,105,215	\$ 13,032,953

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Statements of Functional Expenses

Year Ended June 30, 2015, with Comparative Totals for the Year Ended June 30, 2014

	Program Services	General and Administrative	Fundraising and Development	2015 Total	2014 Comparative Totals
Payroll	\$ 2,720,370	\$ 152,106	\$ 887,343	\$ 3,759,819	\$ 3,429,588
Benefits	574,076	40,110	145,949	760,135	675,165
Occupancy	381,169	10,540	51,554	443,263	347,921
Professional fees	292,068	18,094	9,526	319,688	414,795
Advertising and promotion	117,661	-	40	117,701	94,465
Depreciation and amortization	92,657	2,735	13,379	108,771	46,117
Insurance	72,520	2,106	10,299	84,925	82,229
In-kind expense	57,767	-	-	57,767	88,226
Activity fee	42,825	11	458	43,294	48,686
Membership/research	38,826	329	1,987	41,142	22,218
Travel	27,725	264	12,726	40,715	37,613
Telephone	34,117	797	3,898	38,812	37,021
Equipment rental and maintenance	24,847	658	13,109	38,614	36,814
Postage	14,008	358	22,098	36,464	33,507
Printing	16,418	80	19,162	35,660	35,919
Charge card fees	-	35,320	-	35,320	24,875
BBBSA dues	34,269	-	-	34,269	30,347
Office supplies	30,265	515	3,264	34,044	27,239
Business meetings	20,922	464	6,401	27,787	38,778
Volunteer stewardship	14,858	875	1,680	17,413	32,480
Conferences/training	13,099	59	956	14,114	9,294
Interest	6,639	128	627	7,394	6,028
Scholarships and camperships	1,125	-	-	1,125	20,151
Bad debt	-	-	-	-	45,958
	\$ 4,628,231	\$ 265,549	\$ 1,204,456	\$ 6,098,236	\$ 5,665,434

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Statements of Cash Flows

Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (927,738)	\$ (192,806)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	108,771	46,117
Unrealized and realized (gains) losses on investments	220,498	(525,178)
Change in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	1,426,195	843,392
Grants receivable	70,000	16,458
Prepaid expenses and other current assets	24,124	(70,996)
Increase (decrease) in:		
Accounts payable	259,431	(17,676)
Accrued expenses	(36,696)	199,243
Deferred revenue	48,300	68,450
Deferred lease incentive	385,402	29,566
Net cash provided by operating activities	<u>1,578,287</u>	<u>396,570</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(308,703)	(13,366)
Proceeds from sale of investments	8,556,277	4,257,096
Purchase of investments	(9,509,839)	(4,224,663)
Net cash provided (used) by investing activities	<u>(1,262,265)</u>	<u>19,067</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(3,236)	(3,358)
Principal payments on capital lease obligations	(8,643)	(4,446)
Net cash used by financing activities	<u>(11,879)</u>	<u>(7,804)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>304,143</u>	<u>407,833</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,286,153</u>	<u>2,878,320</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,590,296</u>	<u>\$ 3,286,153</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ 2,294</u>	<u>\$ 2,742</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITY:		
Assets acquired under capital lease	<u>\$ -</u>	<u>\$ 30,017</u>
Property and equipment transferred from prepaid and other current assets	<u>\$ 73,065</u>	<u>\$ -</u>
Property and equipment transferred to property held for sale	<u>\$ 69,995</u>	<u>\$ -</u>

See notes to financial statements.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

1. NATURE OF ACTIVITIES

Big Brothers Big Sisters of Massachusetts Bay, Inc. (“the Organization”) is an innovative, energetic Massachusetts nonprofit organization, incorporated on February 24, 1949. The mission of the Organization is to make a real difference in the lives of local youths by providing them with an invested, caring adult mentor. With research and proven outcomes at its core, the Organization is working to ensure every child has the support from caring adults that they need for healthy development and success in life. The Organization’s vision is to inspire, engage and transform communities in Massachusetts Bay by helping youth achieve their full potential, contributing to healthier families, better schools, brighter futures and stronger communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation – The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) Subtopic *Presentation of Financial Statements for not-for-profit entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. The Organization may designate portions of its unrestricted net assets as board designated for various purposes.

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

Permanently restricted net assets – Net assets that are subject to donor-imposed stipulations should be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Comparative Totals – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2014 from which the summarized information was derived.

Cash and Cash Equivalents – The Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash and cash equivalents. The Organization places its cash and temporary investments with high credit quality institutions. At times, such investments may be in excess of FDIC insurance limitations. The Organization has not experienced any losses in such accounts.

Contributions Receivable – Contributions receivable include an allowance for doubtful accounts based on management’s evaluation of outstanding balances at the end of the year. An allowance is made for uncollectible pledges based on management’s judgment, past collection experience and other relevant factors. The allowance for doubtful accounts is \$41,791 and \$27,391 for the years ended June 30, 2015 and 2014, respectively.

Property and Equipment – The components of property and equipment are recorded at cost or estimated fair market value at donation date if acquired by donation. The cost or carrying value of the assets is depreciated or amortized using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Buildings, improvements and fixtures	3-39 years
Office equipment	3-7 years
Leasehold improvements	5-10 years

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Net realized and unrealized gains and losses are included in the change in net assets. Furthermore, dividends, interest, and realized and unrealized gains on long-term investments are excluded from operating activities.

The Organization follows the portion of Subtopic 205 of the FASB ASC that relates to “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds”. This FASB ASC Subtopic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. UPMIFA is a model act approved by the Uniform Law Commission. Effective June 30, 2009, the Commonwealth of Massachusetts adopted UPMIFA in its General Laws chapter 180A. Among UPMIFA’s most significant changes is the elimination of the concept of historic dollar value threshold, the amount below which an organization cannot spend from a fund, in favor of a more robust set of guidelines about what constitutes prudent spending. The FASB ASC Subtopic serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Return Objectives and Risk Parameters – The Organization’s investment objective is to achieve a total return sufficient to provide resources needed for the ongoing service mission and operational needs of the Organization and to achieve real growth in capital net of distributions, expenses and inflation. This objective has been established in conjunction with a comprehensive review of the current and projected financial requirements of the Organization and is based on a ten-year investment horizon, so that interim fluctuations should be viewed with appropriate perspective.

The asset composition established by the Board of Directors represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of the policy range. These divergences should be of a short-term nature. The current asset allocation will be monitored and reviewed at least quarterly by the Finance and Audit Committee relative to the established minimum and maximum range for each asset class.

To ensure divergence from the target policy is within allocation ranges rebalancing of assets may be necessary.

Spending Policy and How the Investment Objectives Relate to the Spending Policy – The Organization has a policy of appropriating for spending at a rate that must be sustainable for the long term and balance the dual needs of supporting current operational needs and preserving the value of the investable assets and its income distribution in perpetuity. The Organization’s policy is based on the assumption that the spending policy over the long term will not exceed 5% of the average of the fund’s previous 12 quarter ending market value, net of fees. The Board of Directors approves the draw rate on an annual basis. The approved appropriation from accumulated appreciation on invested permanently restricted net assets was \$110,000 and \$90,000 for the years ended June 30, 2015 and 2014, respectively.

In establishing its spending policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization’s spending policies are conservative and, as such, support the long-term objectives of preserving the purchasing power of the endowment in perpetuity thereby sustaining its ability to support future programs and to provide additional real growth through new gifts and investment return.

Fair Value Measurements – The Organization follows the provisions of the *Fair Value Measurements and Disclosures* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowers priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued***Fair Value Measurements*...continued –**

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Unobservable inputs based on the Organization's assessment of the assumptions that market participants would use in pricing the asset or liability. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2015 and 2014.

- **Money Market Funds and Mutual Funds** – The fair value of money market funds, fixed income mutual funds, and public equity mutual funds are valued based upon quoted prices from active markets. These securities are categorized in Level 1 as they are actively traded and no valuation adjustments have been applied.
- **Limited Partnerships** – The fair value of limited partnership investments is determined using the net asset value as determined by the investment manager. These investments are categorized in Level 2.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

Contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period the pledge is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset category.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset category. Contributions of cash or other assets to be used to acquire long-lived assets are reported as revenues of the temporarily restricted net asset category; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Contributions...continued – Contributions of services are reported as revenues and expenses of the unrestricted net asset category at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of goods and services to be used in program operations are reported as revenues and expenses of the unrestricted net asset category at the time the goods or services are received. There is no compensation for services rendered by members of the Board of Directors. The majority of contributed services and goods consist of tickets to sporting and other events, and legal services.

Deferred Revenue – Deferred revenue represents special event revenue received by the Organization prior to the fiscal year end for special events occurring in the next fiscal year.

Functional Allocation of Expenses – The costs of the various activities of the Organization have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the activities.

Tax Status – The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. The Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At June 30, 2015, management believes that the Organization has no material uncertain tax positions.

The Organization files informational tax returns in the U.S. federal and Massachusetts state jurisdictions. Management believes the Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before fiscal year 2011.

Reclassification – Certain accounts previously reported in the 2014 financial statements have been reclassified to facilitate comparability with the current year presentation. These reclassifications had no effect on the 2014 change in net assets as previously reported.

Subsequent Events – The Organization has evaluated all events subsequent to the statement of financial position date of June 30, 2015, through the date which the financial statements were available to be issued, October 29, 2015, and has determined that, there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events* other than those described in Note 15.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

3. CONTRIBUTIONS RECEIVABLE

The balance of contributions receivable at June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Total contributions receivable	\$ 3,662,593	\$ 5,289,907
Less: allowance for uncollectible contributions	(41,791)	(27,391)
Less: unamortized discounts (discount rate of 3%)	<u>(124,305)</u>	<u>(339,824)</u>
	3,496,497	4,922,692
Less: current portion of contributions receivable	<u>(1,899,302)</u>	<u>(1,986,716)</u>
	<u>\$ 1,597,195</u>	<u>\$ 2,935,976</u>

4. INVESTMENTS

The following is a summary of investments at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Public equity – mutual funds (Level 1)	\$ 2,254,882	\$ 2,448,323
Fixed income – mutual funds (Level 1)	1,625,699	1,876,023
Equities (Level 1)	924,559	-
Exchange traded funds (Level 1)	685,903	-
Short term-money market and government funds (Level 1)	245,652	451,573
Limited Partnerships (Level 2)	<u>19,276</u>	<u>248,588</u>
	5,755,971	5,024,507
Less: current portion of investments	<u>2,015,241</u>	<u>1,078,711</u>
	<u>\$ 3,740,730</u>	<u>\$ 3,945,796</u>

The following summarizes market value and cost:

	<u>2015</u>	<u>2014</u>
Market value	<u>\$ 5,755,971</u>	<u>\$ 5,024,507</u>
Cost	<u>\$ 5,811,953</u>	<u>\$ 4,718,191</u>

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

4. INVESTMENTS...continued

The composition of the investment return as reported in statement of activities for the years ended June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Income from long-term investments consisting of dividends, interest and capital gains	\$ 202,134	\$ 82,910
Investment fees	(37,640)	(25,174)
Net realized and unrealized gains (losses) on investments	<u>(220,498)</u>	<u>525,178</u>
	<u>\$ (56,004)</u>	<u>\$ 582,914</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land, building and fixtures	\$ -	\$ 159,501
Office equipment	282,889	282,234
Leasehold improvements	<u>436,067</u>	<u>145,442</u>
	718,956	587,177
Less accumulated depreciation	<u>307,208</u>	<u>378,431</u>
	<u>\$ 411,748</u>	<u>\$ 208,746</u>

6. LINE OF CREDIT

The Organization has an unsecured demand line of credit renewable annually with a financial institution for \$500,000. Interest is payable monthly at the bank's base lending rate (4% rate at June 30, 2015 and 2014). There were no outstanding borrowings at June 30, 2015 and 2014.

7. LONG-TERM DEBT

	<u>2015</u>	<u>2014</u>
Mortgage note payable in monthly principal and interest payments of \$495 through July 2010, secured by land and building. Commencing August 2010 and continuing through July 2023 the note bears interest at the bank's prime rate plus 1% (5% at June 30, 2015 and 2014). This balance was paid in full during fiscal year 2016 as part of the sale of the building (See Note 15).	\$ 36,411	\$ 39,647
Less current portion	<u>36,411</u>	<u>3,466</u>
Long-term debt	<u>\$ -</u>	<u>\$ 36,181</u>

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

8. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2015 and 2014, temporarily restricted net assets include amounts restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
Time restricted	\$ 4,037,197	\$ 5,152,675
Educational advocacy, scholarship and activities	389,719	407,931
Appreciation on permanently restricted funds	473,726	621,006
Grants restricted for future program use	-	62,817
Camperships	23,697	25,344
Building and technology	-	14,039
	<u>\$ 4,924,339</u>	<u>\$ 6,283,812</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors for the years ended June 30, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Time restricted	\$ 1,941,000	\$ 1,856,185
Grants restricted for future program use	62,817	143,158
Educational advocacy, scholarship and activities	20,000	20,014
Building and technology	14,039	1,230
Camperships	1,648	-
	<u>\$ 2,039,504</u>	<u>\$ 2,020,587</u>

9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, a portion of the income from which is expendable for general support.

10. ENDOWMENTS

The Organization's endowment includes funds permanently restricted by donors as well as unrestricted funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The income generated by the permanently restricted endowment funds is available for the Organization's general operations and is recorded as temporary restricted until appropriated for expenditures.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

10. ENDOWMENTS...continuedEndowment Net Asset Composition by Type of Fund as of June 30, 2015

	Unrestricted Board- Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 473,726	\$ 1,747,761	\$ 2,221,487
Board-designated endowment funds	<u>1,151,949</u>	<u>-</u>	<u>-</u>	<u>1,151,949</u>
Total funds	<u>\$ 1,151,949</u>	<u>\$ 473,726</u>	<u>\$ 1,747,761</u>	<u>\$ 3,373,436</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2015

	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2014	<u>\$ 1,164,355</u>	<u>\$ 621,006</u>	<u>\$ 1,747,761</u>	<u>\$ 3,533,122</u>
Investments return:				
Income	62,310	126,792	-	189,102
Net appreciation	(69,857)	(141,218)	-	(211,075)
Investment management fees	<u>(11,234)</u>	<u>(22,854)</u>	<u>-</u>	<u>(34,088)</u>
Total investment return	<u>(18,781)</u>	<u>(37,280)</u>	<u>-</u>	<u>(56,061)</u>
Contributions	6,375	-	-	6,375
Appropriated for expenditure	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
Balance, June 30, 2015	<u>\$ 1,151,949</u>	<u>\$ 473,726</u>	<u>\$ 1,747,761</u>	<u>\$ 3,373,436</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	Unrestricted Board- Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 621,006	\$ 1,747,761	\$ 2,368,767
Board-designated endowment funds	<u>1,164,355</u>	<u>-</u>	<u>-</u>	<u>1,164,355</u>
Total funds	<u>\$ 1,164,355</u>	<u>\$ 621,006</u>	<u>\$ 1,747,761</u>	<u>\$ 3,533,122</u>

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

10. ENDOWMENTS...continuedChanges in Endowment Net Assets for the Year Ended June 30, 2014

	Unrestricted Board- Designated	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2013	\$ 991,365	\$ 361,304	\$ 1,732,761	\$ 3,085,430
Investments return:				
Income	23,385	47,273	-	70,658
Net appreciation	156,861	317,097	-	473,958
Investment management fees	(7,256)	(14,668)	-	(21,924)
Total investment return	172,990	349,702	-	522,692
Contributions	-	-	15,000	15,000
Appropriated for expenditure	-	(90,000)	-	(90,000)
Balance, June 30, 2014	<u>\$ 1,164,355</u>	<u>\$ 621,006</u>	<u>\$ 1,747,761</u>	<u>\$ 3,533,122</u>

11. BENEFIT PLANS

The Organization has a defined contribution money purchase retirement plan for eligible employees. The Plan provides for bi-monthly contributions up to 5% of eligible compensation. The Organization did not make any employer contributions to the plan in 2015 and 2014.

The Organization also maintains a 403(b) retirement plan for employees. Eligible employees may elect to make bi-monthly contributions to the plan. The Organization made matching contributions of \$56,707 and \$55,619 to the plan in 2015 and 2014, respectively.

12. RELATED PARTY

The Organization is related by common board members to the Big Brother Big Sister Foundation, Inc. The Foundation contributed \$312,000 and \$330,094 to the Organization during the years ended June 30, 2015 and 2014, respectively.

The Organization is related by affiliation to Big Brothers Big Sisters of America ("BBBSA"). The Organization paid dues and fees of \$34,269 and \$30,347 to BBBSA during the years ended June 30, 2015 and 2014, respectively. Amounts prepaid to BBBSA at June 30, 2015 and 2014 were \$18,510 and \$15,759, respectively, and are included in prepaid expenses and other current assets in the accompanying Statement of Financial Position.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

13. CAPITAL LEASE OBLIGATIONS

The Organization leases equipment under capital lease obligations expiring on various dates through November 2017. Future minimum lease obligations for the years ending June 30 are as follows:

2016	\$ 11,598
2017	10,885
2018	<u>3,976</u>
	26,459
Less – amounts representing interest	<u>5,554</u>
	20,905
Present value of future minimum lease payments	8,094
Less – current portion	<u>8,094</u>
	12,811
Long-term portion	<u><u>\$ 12,811</u></u>

14. COMMITMENT

During June 2014, the Organization amended their lease agreement for the Boston office which expires in December 2019. The amendment included an amount for a construction allowance for certain leasehold improvements, in addition to a lease credit, as defined in the agreement. The Organization, in the accompanying Statement of Financial Position, has recognized this amount as deferred lease incentive and will amortize this amount as occupancy expense over the lease term. At June 30, 2015 and 2014, the deferred lease incentive was \$414,968 and \$29,566, respectively. Occupancy expense including rent, common area maintenance and utility charges was \$419,141 and \$340,076 for the years ended June 30, 2015 and 2014, respectively. The annual lease agreement is subject to real estate tax escalation and other operating expense escalations.

During June 2015, the Organization entered into a lease agreement for office space in Hyannis which expires in May 2020, with the option to renew. Occupancy expenses were \$1,500 for the year ended June 30, 2015.

Future minimum lease payments are as follows:

2016	\$ 518,072
2017	528,577
2018	540,184
2019	540,784
2020	<u>284,709</u>
	<u><u>\$ 2,412,326</u></u>

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

15. SUBSEQUENT EVENT

During July 2015, the Organization entered into an agreement to sell its property located in Centerville, Massachusetts for \$175,000. Property of \$158,123 is recorded net of accumulated depreciation of \$88,128 as Property Held for Sale on the Statement of Financial Position at June 30, 2015. The resulting gain from this sale, net of selling expenses and debt repayments, is projected to be approximately \$95,000.