

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY  
INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

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Jeanine J. Mays

— Certified Public Accountant —

**INDEPENDENT AUDITOR'S REPORT**

To: The Board of Directors of  
Big Brothers Big Sisters of El Dorado County

**Report on the Financial Statements**

I have audited the accompanying statement of financial position of the Big Brothers Big Sisters of El Dorado County (a non-profit organization) as of December 31, 2013, and the related statement of activities and changes in net assets, the statement of functional expenses, and the statement of 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 statement that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Big Brothers Big Sisters of El Dorado County as of December 31, 2013, 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.

Jeanine J. Mays  
June 6, 2013

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

**Statement of Financial Position**

**For the Year Ended December 31, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 162,966	
Stocks	3,893	
Accounts receivable	2,500	

**TOTAL CURRENT ASSETS** \$ 169,359

**PROPERTY, At Cost**

Equipment	9,253	
Furniture and fixtures	650	

Accumulated depreciation (5,029) 4,874

**OTHER ASSETS**

Rent deposit		<u>1,250</u>
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**TOTAL ASSETS** \$ 175,483

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 31,810	
Payroll liabilities	9,627	
Employee benefits payable	3,511	
Sales tax payable	416	

**TOTAL CURRENT LIABILITIES** \$ 45,364

**NET ASSETS**

Unrestricted net assets	117,803	
Temporarily restricted net assets	12,316	

**TOTAL NET ASSETS** 130,119

**TOTAL LIABILITIES AND NET ASSETS** \$ 175,483

**See accompanying notes.**

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

**Statement of Activity and Changes in Net Assets**

**For the Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support			
Direct public support	\$ 149,362	\$ 15,170	\$ 164,532
In-kind donations	4,398	-	4,398
Grants	3,875	-	3,875
Fund raising (net of expenses of \$77,679)	125,112	-	125,112
Release of restrictions	2,854	(2,854)	-
<b>TOTAL PUBLIC SUPPORT</b>	<u>285,601</u>	<u>12,316</u>	<u>297,917</u>
Revenue			
Service income	3,000	-	3,000
Interest income	85	-	85
Miscellaneous income	36	-	36
<b>TOTAL REVENUE</b>	<u>3,121</u>	<u>-</u>	<u>3,121</u>
<b>TOTAL PUBLIC SUPPORT       AND REVENUE</b>	<u>288,722</u>	<u>12,316</u>	<u>301,038</u>
<b>EXPENSES</b>			
Program services	208,549	-	208,549
Supporting services	11,831	-	11,831
Fund raising	9,870	-	9,870
<b>TOTAL EXPENSES</b>	<u>230,250</u>	<u>-</u>	<u>230,250</u>
<b>CHANGE IN NET ASSETS</b>	58,472	12,316	70,788
<b>NET ASSETS</b>			
Beginning of year	<u>59,331</u>	<u>-</u>	<u>59,331</u>
End of year	<u>\$ 117,803</u>	<u>\$ 12,316</u>	<u>\$ 130,119</u>

See accompanying notes.

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

**Statement of Functional Expenses**

**For the Year Ended December 31, 2013**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 144,631	\$ 7,729	\$ 6,784	\$ 159,144
Payroll taxes	10,988	593	498	12,079
Employee benefits	1,322	479		1,801
<b>TOTAL SALARIES AND BENEFITS</b>	<b>156,941</b>	<b>8,801</b>	<b>7,282</b>	<b>173,024</b>
Advertising and promotion	914	125	883	1,922
Bank service charge	116	10	606	732
National dues and subscriptions	4,618	25	-	4,643
Insurance	5,878	33	33	5,944
License and filing fees	80		20	100
Office	2,596	141	12	2,749
Outside services	342			342
Postage	567	100	139	806
Professional fees-accounting	6,960	390	64	7,414
Professional fees-consulting	1,390	1,000		2,390
Program expense	7,422			7,422
Rent	8,796	500	500	9,796
Rent-equipment	778			778
Technology	3,007	271	23	3,301
Telephone	1,396		6	1,402
Training and education	227	65		292
Travel	2,660	138	209	3,007
Utilities	1,772		93	1,865
<b>TOTAL EXPENSE BEFORE DEPRECIATION</b>	<b>206,460</b>	<b>11,599</b>	<b>9,870</b>	<b>227,929</b>
Depreciation	2,089	232		2,321
<b>TOTAL EXPENSES</b>	<b>\$ 208,549</b>	<b>\$ 11,831</b>	<b>\$ 9,870</b>	<b>\$ 230,250</b>

See accompanying notes.

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

**Statement of Cash Flows**

**For the Year Ended December 31, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Excess revenue over expenses	\$ 70,788
Adjustment to reconcile net income to net cash provided by operating activities	
Depreciation	2,321
Non-cash donations-stocks	(3,893)
Change in accounts receivable	(2,500)
Change in payroll liabilities	6,669
Change in employee benefits payable	(2,563)
Change in sales tax payable	(1,287)
Change in accounts payable	31,583
Change in deferred revenue	<u>(3,875)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>97,243</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment	<u>(2,860)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(2,860)</u>
 NET CHANGE IN CASH	 94,383
 CASH AT BEGINNING OF YEAR, January 1, 2013	 <u>68,583</u>
CASH AT END OF YEAR, December 31, 2013	<u>\$ 162,966</u>

**SUPPLEMENTAL INFORMATION**

Interest paid	<u>\$ -</u>
Non-Cash donations-stocks	<u>\$ 3,893</u>

**See accompanying notes.**

# **BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

## **Notes to Financial Statements**

**December 31, 2013**

### 1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General Information:** Big Brothers Big Sisters of El Dorado County is a non-profit organization serving El Dorado County associated with the national Big Brothers and Big Sisters Organization. The purpose is to organize mature and interested adults to create an interaction with youth and to become a positive influence in the development of the youth's life.

**Basis of Presentation:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and 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 and reported as follows:

*Unrestricted Net Assets* : Net assets that are not subject to donor-imposed stipulations. Voluntary resolutions of the Board of Directors making self imposed limits are also considered unrestricted.

*Temporarily Restricted Net Assets:* Net assets subject to donor-imposed stipulation that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted.

*Permanently Restricted Net Assets:* Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Conservancy to use all or part of the income earned on any related investment for general or specific purposes.

**Use of Estimates:** The preparation of financial statements uses estimates rather than exact measures. The estimates commonly involve summarizations, judgments and allocations which are based on rules and conventions rather than exact amounts.

**Functional Allocation of Expenses:** The costs of providing the Organization's programs have been summarized on a functional basis in these financial statements. Based on estimates developed by management, costs have been allocated to the various programs as they relate to those programs and activities. Many of management and general costs are directly related to program activities and are allocated to programs, administrative and fundraising accordingly.

**Property and Equipment:** The organization follows the practice of capitalizing all expenditures over \$500 for land, building, and equipment; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

**Income Taxes:** The Big Brothers Big Sisters of El Dorado County was incorporated in California on September 14, 1977. The Organization is a non-profit pursuant to a determination letter from the Internal Revenue Service in 1979 and is exempt from Federal income tax under the provisions of Code Section 501(c)(3) relating to organizations operated exclusively for charitable purposes.



**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

**Notes to Financial Statements**

**December 31, 2013**

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

**Income tax continued:** The Organization's returns are subject to examination by taxing authorities for three years for Federal and four years for State after they are filed and management believes that all of the positions would be sustained if examined.

**Contributions and Accounts Receivable:** Accounts receivable are considered to be fully collectable. There is no allowance for doubtful accounts recorded on these financial statements. All are considered short term.

**Cash Equivalents:** For the purposes of the statement of cash flows, the Organization considers cash and unrestricted highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash received with donor imposed restrictions that are expected to be fulfilled within the next year are also considered cash equivalents.

**Deferred Revenue:** Deferred revenue represents amounts collected for grants which will apply to the following fiscal year. These amounts are recognized as revenues in the fiscal year in which the fees or grants relate to. There is no deferred revenue at year end.

**Advertising Costs:** Advertising costs are expensed when incurred.

**Fair Value Measurement:** The Organization is required to measure certain statement elements at fair value in accordance with generally accepted accounting principles. Those include cash equivalents, investments, receivables, accounts payable, accrued expense and notes payable. Management believes that the carrying values of those elements are not materially different from estimates of the corresponding fair values.

2.) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	<u>Amount</u>	<u>Interest</u>
Umpqua Bank-checking	\$ 21,684	0.00%
Sierra Vista-checking	61,161	0.00%
Sierra Vista-savings	75,062	0.50%
Sierra Vista-scholarship	5,000	0.50%
Petty Cash	<u>59</u>	0.00%
CASH AND CASH EQUIVALENTS	<u>\$ 162,966</u>	

3.) FIXED ASSETS AND DEPRECIATION

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Office equipment	\$ 6,393	\$ 2,860	\$ -	\$ 9,253
Furniture and fixtures	<u>650</u>	<u>-</u>	<u>-</u>	<u>650</u>
TOTAL FIXED ASSETS	<u>\$ 7,043</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 9,903</u>
Accumulated depreciation	<u>\$ 2,708</u>	<u>\$ 2,321</u>	<u>\$ -</u>	<u>\$ 5,029</u>

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

**Notes to Financial Statements**

**December 31, 2013**

4.) ACCRUED EMPLOYEE BENEFITS

Vacation benefits up to two yearly accruals are paid to the employee when they are separated from service. Accumulated unpaid employee vacation benefits are recognized as a liability.

Sick leave pay does not vest and is not accrued. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

5.) DONATIONS

**Donated Materials:** Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. All contributions are considered to be unrestricted unless specifically restricted by the donor. Donated materials for special events are not booked as income and expense on the financial statements.

**Donated Services:** No amounts have been reflected in the statements for volunteer services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns.

6.) RENTED FACILITIES

The current lease agreement ended April 2014. The Organization signed a lease agreement at a new location on April 2014 and ending in April 2017. This agreement is for three years with rents increasing each year.

The Organization leased a copier for \$64.65 per month for 60 months beginning July 2012 and may purchase the copier at the end of the lease June 2017 for the fair market value.

The future payments over the next five years are as follows:

	<u>Facilities</u>	<u>Copier</u>	<u>Memo Total</u>
2014	\$ 8,000	\$ 776	\$ 8,776
2015	16,000	776	16,776
2016	22,000	776	22,776
2017	<u>8,000</u>	<u>387</u>	<u>8,387</u>
TOTAL	<u>\$ 54,000</u>	<u>\$ 2,715</u>	<u>\$ 56,715</u>

Rent expense for the year ended December 31, 2013 was \$9,796 and the equipment lease expense was \$778.

**BIG BROTHERS BIG SISTERS OF EL DORADO COUNTY**

**Notes to Financial Statements**

**December 31, 2013**

7.) INVESTMENTS

Investments are carried at quoted market prices, and realized and unrealized gains and losses are reflected in the statement of activities. Fair values of assets measured on a recurring basis at December 31, 2013 are as follows:

Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level. All of the investments below are valued with Level 1 inputs with quoted prices in active markets for identical assets.

	<u>Short- Term</u>	<u>Long- Term</u>	<u>Total</u>
Wells Fargo Advisors-stocks	<u>\$ 3,893</u>	<u>\$ -</u>	<u>\$ 3,893</u>

8.) REVENUE CONCENTRATION

The Organization operates in El Dorado County, California. The support and revenues received are from donations, fund raising and grants generally from within the state of California.

9.) CONTINGENT LIABILITY

The Organization has received funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursements would not be material.

10.) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consists of:

	<u>Beginning</u>	<u>Change</u>	<u>Ending</u>
Scholarship Fund	\$ -	\$ 5,000	\$ 5,000
Georgetown Divide Program	<u>-</u>	<u>7,315</u>	<u>7,315</u>
TOTAL	<u>\$ -</u>	<u>\$ 12,315</u>	<u>\$ 12,315</u>

11.) SUBSEQUENT EVENTS

The management of the Organization have reviewed the results of operations for the period of time from its year end December 31, 2013 through June 6, 2014, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amount reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.