



WEINLANDER FITZHUGH

MID MICHIGAN BIG BROTHER BIG SISTERS
CLARE, MICHIGAN

FINANCIAL STATEMENTS
DECEMBER 31, 2017

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WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

March 1, 2018

Board of Directors
Mid Michigan Big Brothers Big Sisters
Clare, Michigan

We have audited the accompanying financial statements of Mid Michigan Big Brothers Big Sisters (Organization), which comprise the statement of financial position as of December 31, 2017 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 Organization'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 Organization'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 Mid Michigan Big Brothers Big Sisters as of December 31, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Board of Directors
Mid Michigan Big Brothers Big Sisters
March 1, 2018

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statement of activities as noted in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Weinlander Fitzhugh

MID MICHIGAN BIG BROTHERS BIG SISTERS
Statement of Financial Position
December 31, 2017

ASSETS

Current Assets:		
Cash	\$	60,281
Receivables:		
Accounts		485
Pledges		4,930
		65,696
Land, Building and Equipment, at cost:		
Land		2,500
Building		46,731
Equipment		11,175
		60,406
Less allowance for depreciation		(32,257)
		28,149
Total Assets	\$	93,845

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$	699
Net Assets:		
Unrestricted:		
Invested in land, buildings and equipment		28,149
Undesignated		60,067
		88,216
Temporarily restricted		4,930
Total net assets		93,146
Total Liabilities and Net Assets	\$	93,845

See accompanying notes to financial statements.

MID MICHIGAN BIG BROTHERS BIG SISTERS
Statement of Activities
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Contributions	\$ 19,798	\$ 4,930	\$ 24,728
In-kind contributions	23,193	0	23,193
Grants	32,000	0	32,000
Bowl for Kids Sake	12,565	0	12,565
Golf outing	4,000	0	4,000
Art auction	10,083	0	10,083
Celebration raffle	4,480	0	4,480
Sponsorships	6,000	0	6,000
Other fundraisers	8,314	0	8,314
Interest	52	0	52
Total public support and revenue	<u>120,485</u>	<u>4,930</u>	<u>125,415</u>
Expenses:			
Mentoring and guidance services	104,878	0	104,878
Management and general services	13,672	0	13,672
Fundraising activities	28,388	0	28,388
Total expenses	<u>146,938</u>	<u>0</u>	<u>146,938</u>
Change in net assets	<u>(26,453)</u>	<u>4,930</u>	<u>(21,523)</u>
Net assets - beginning of year, as previously stated	107,341	0	107,341
Prior period adjustment	<u>7,328</u>	<u>0</u>	<u>7,328</u>
Net assets - beginning of year, restated	<u>114,669</u>	<u>0</u>	<u>114,669</u>
Net assets - end of year	<u>\$ 88,216</u>	<u>\$ 4,930</u>	<u>\$ 93,146</u>

See accompanying notes to financial statements.

MID MICHIGAN BIG BROTHERS BIG SISTERS
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Total	Mentoring and Guidance Services	Management and General Services	Fundraising Activities
Payroll	\$ 63,035	\$ 53,210	\$ 5,895	\$ 3,930
Art auction	12,305	0	0	12,305
Computer and software	10,956	7,856	3,100	0
Program expenses	7,596	7,596	0	0
Dues and subscriptions	5,274	5,004	20	250
Taxes - payroll	5,166	4,415	451	300
Insurance	4,992	4,284	708	0
Rent	4,800	4,800	0	0
Bowl for Kids Sake fundraiser	4,520	0	0	4,520
Comedy Night	4,042	0	0	4,042
Professional services	3,650	3,126	524	0
Utilities	3,583	3,285	298	0
Telephone	3,262	3,127	135	0
Conferences and training	2,553	2,041	512	0
Office supplies	2,192	1,655	537	0
Golf outing	1,761	0	0	1,761
Depreciation	1,455	1,310	145	0
Mileage, meals, and travel	1,406	755	651	0
Case worker	1,056	1,056	0	0
Postage	889	560	34	295
Repairs and maintenance	680	156	524	0
Publicity	639	150	40	449
Other fundraisers	536	0	0	536
Program supplies	492	492	0	0
Equipment	98	0	98	0
	<u>\$ 146,938</u>	<u>\$ 104,878</u>	<u>\$ 13,672</u>	<u>\$ 28,388</u>

See accompanying notes to financial statements.

MID MICHIGAN BIG BROTHERS BIG SISTERS
Statement of Cash Flows
For the Year Ended December 31, 2017

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ (21,523)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	1,455
Changes in operating assets and liabilities:	
Accounts receivable	(485)
Pledges receivable	2,399
Accounts payable	699
Net cash flow from operating activities	<u>(17,455)</u>
Net change in cash	(17,455)
Cash at beginning of year	<u>77,736</u>
Cash at end of year	<u><u>\$ 60,281</u></u>

See accompanying notes to financial statements.

MID MICHIGAN BIG BROTHERS BIG SISTERS
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mid Michigan Big Brothers Big Sisters (Organization) is a nonprofit corporation whose purpose is to provide assistance to children through mentors and guidance of parents to help the children to develop into healthy and functional members of the society and community. During 2011, Big Brothers Big Sisters of the Lakes began business operating under Mid Michigan Big Brothers Big Sisters. Also in 2012, Big Brothers Big Sisters of Mecosta and Osceola Counties began business operating under Mid Michigan Big Brothers Big Sisters and subsequently closed due to lack of funding.

Basis of Accounting

The accounts of the Organization are maintained on the accrual basis. Public support and revenue are recognized when earned and expenses when incurred.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Amounts received that are restricted 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 restrictions. The Organization had no permanently restricted net assets in 2017.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in the future are recorded at fair value, which is measured at the present value of cash flow. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are not included in support until the conditions are substantially met.

Land, Building and Equipment

Purchases of land, buildings and equipment having a unit cost of \$500 or more and an estimated useful life of more than three years are capitalized at cost. The assets are reported at historical cost less accumulated depreciation. Depreciation of buildings and building improvements are determined by the straight-line method over an estimated useful life of 20-39 years. Depreciation of equipment is determined by the straight-line method over the asset's estimated life, which is 5-7 years.

Maintenance and repairs are charged to expense as incurred. Renewals and betterments are charged to the related property asset account. When assets are retired, cost and accumulated depreciation are eliminated from the asset and accumulated depreciation accounts and the resulting profit or loss is included in operations.

MID MICHIGAN BIG BROTHERS BIG SISTERS
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Amounts that have been reported in the financial statements for voluntary donations of services are those services that create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. The Organization received donations of building rent in the amount of \$4,800 and goods and professional services in the amount of \$18,393.

Cash Flow Information

For the purposes of the statement of cash flows, cash includes all petty cash, checking and savings. Cash paid for interest was \$0 and for income taxes was \$0.

Use of Estimates

The process of preparing the basic financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Advertising

Costs for advertising are expensed at the time the advertising cost is paid. The total cost of advertising charged to expense was \$639 for the year ended December 31, 2017.

Pledges receivable

Pledges receivable as of December 31, 2017 consisted of \$4,930. The entire amount is due within one year. Pledges receivable are periodically evaluated for collectability based on past history with donors and their current financial condition. Provisions for uncollectible pledges receivable are determined on the basis of loss experience, known and inherent risks are current economic conditions.

Events Occurring After Reporting Date

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE 2 – INCOME TAXES

The Organization is a nonprofit corporation exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2017, the Organization's federal tax returns generally remain open for the last three years.

MID MICHIGAN BIG BROTHERS BIG SISTERS
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 3 – FUNCTIONAL CLASSIFICATION OF EXPENSES

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 4- ENDOWMENT FUND

Mid Michigan Big Brothers Big Sisters is the beneficiary under an endowment fund agreement with the Clare County Community Foundation. The assets of the endowment fund, \$310,966, are included on the statement of financial position of the Clare County Community Foundation. Mid Michigan Big Brothers Big Sisters does not reflect the balance in the statement of financial position. The Organization does not exercise any control over the principal of the fund but, based on a formula, certain amounts of the fund may be distributed to and expended by the Organization.

Variance power has been granted to the Clare County Community Foundation for the assets in the endowment fund. If Mid Michigan Big Brothers Big Sisters ceases to exist or no longer performs its functions under the provisions of the agreement, the Clare County Community Foundation shall continue to administer and disburse fund assets in a manner deemed appropriate.

Investment and spending policies are determined by the Clare County Community Foundation, in accordance with established guidelines adopted by the Foundation's governing board.

NOTE 5- SUBSEQUENT EVENT

Mid Michigan Big Brothers Big Sisters entered into an agreement with Gratiot and Montcalm Counties Big Brothers Big Sisters Advisory Board to provide guidance, administration functions and program management as well as act as the fiduciary of any dollars raised in Gratiot and Montcalm counties for that service area effective January 1, 2018.

NOTE 6- PRIOR PERIOD ADJUSTMENT

Net assets as of January 1, 2017 have been increased to show the effects of prior year income that should have been included in pledges receivable.

NOTE 7- UPCOMING ACCOUNTING PRONOUNCEMENT

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities was released on August 18, 2016 and will be effective for the Organization's year ended December 31, 2018. The upcoming financial reporting changes are expected to simplify and improve not-for-profit financial statements and footnote disclosures. This new guidance will result in reporting changes related to net asset classifications, underwater endowments, liquidity and availability required disclosures, functional expense allocation, investment return and expenses disclosures, and statement of cash flows presentation. The Organization is in the process of evaluating the financial statement impact of this ASU as adoption will result in significant changes to financial reporting and disclosures.

MID MICHIGAN BIG BROTHERS BIG SISTERS
Combining Statement of Activities
For the Year Ended December 31, 2017

	Mid Michigan Big Brothers Big Sisters	Mid Michigan Big Brothers Big Sisters of the Lakes	Combining activity	Total
Public Support and Revenue:				
Contributions	\$ 22,025	\$ 2,703	\$ 0	\$ 24,728
In-kind contributions	16,303	6,890	0	23,193
Grants	32,000	0	0	32,000
Bowl for Kids Sake	4,468	8,097	0	12,565
Golf outing	1,980	2,020	0	4,000
Art auction	10,083	0	0	10,083
Celebration raffle	4,480	0	0	4,480
Other income	15,721	0	(15,721)	0
Sponsorships	0	6,000	0	6,000
Other fundraisers	1,790	6,524	0	8,314
Interest	52	0	0	52
Total public support and revenue	<u>108,902</u>	<u>32,234</u>	<u>(15,721)</u>	<u>125,415</u>
Expenses:				
Mentoring and guidance services	96,691	20,188	(12,001)	104,878
Management and general services	13,553	3,839	(3,720)	13,672
Fundraising activities	20,988	7,400	0	28,388
Total expenses	<u>131,232</u>	<u>31,427</u>	<u>(15,721)</u>	<u>146,938</u>
Change in net assets	<u>(22,330)</u>	<u>807</u>	<u>0</u>	<u>(21,523)</u>
Net assets - beginning of year, as previously stated	90,520	16,821	0	107,341
Prior period adjustment	<u>7,328</u>	<u>0</u>	<u>0</u>	<u>7,328</u>
Net assets - beginning of year, restated	<u>97,848</u>	<u>16,821</u>	<u>0</u>	<u>114,669</u>
Net assets - end of year	<u>\$ 75,518</u>	<u>\$ 17,628</u>	<u>\$ 0</u>	<u>\$ 93,146</u>