



**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**INDEX TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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**Jones and Kolb**  
Certified Public Accountants  
Atlanta, Georgia

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Big Brothers Big Sisters of Metro Atlanta, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of Big Brothers Big Sisters of Metro Atlanta, Inc. (the "Agency"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and net assets, functional expenses and cash flows for the years 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**

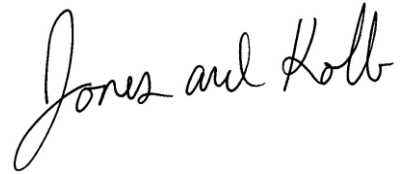
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Agency'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 Agency'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 Metro Atlanta, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Jones and Koll".

March 19, 2019

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b>ASSETS</b>		
Cash	\$ 462,709	\$ 595,382
Grants and other receivables	20,460	11,860
Promises to give, net	1,675,406	312,588
Capital campaign pledges receivable, net	10,615	21,615
Investments	200,814	242,852
Property and equipment, net	5,701,643	5,719,587
Other assets	104,225	19,949
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 8,175,872</u>	<u>\$ 6,923,833</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 205,008	\$ 516,284
Lines of credit	320,000	75,000
Notes payable	1,586,801	1,639,732
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>2,111,809</u>	<u>2,231,016</u>
<b>NET ASSETS</b>		
Without donor restrictions	3,944,042	4,110,436
With donor restrictions	2,120,021	582,381
	<u>                    </u>	<u>                    </u>
Total net assets	<u>6,064,063</u>	<u>4,692,817</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 8,175,872</u>	<u>\$ 6,923,833</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support			
United Way	\$ 271,488	\$ 184,500	\$ 455,988
Grants	627,236	-	627,236
Other public support	798,802	1,847,871	2,646,673
Corporate contributions	486,567	54,667	541,234
Special events	975,567	-	975,567
Less: Costs of direct benefits to donors	<u>(233,588)</u>	<u>-</u>	<u>(233,588)</u>
Total public support	<u>2,926,072</u>	<u>2,087,038</u>	<u>5,013,110</u>
Revenue			
Other income	8,984	-	8,984
Rental loss, net	(109)	-	(109)
Investment loss	<u>(8,710)</u>	<u>(1,323)</u>	<u>(10,033)</u>
Total revenue	<u>165</u>	<u>(1,323)</u>	<u>(1,158)</u>
Total public support and revenue	<u>2,926,237</u>	<u>2,085,715</u>	<u>5,011,952</u>
<b>NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS</b>	<u>548,075</u>	<u>(548,075)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	<u>2,677,095</u>	<u>-</u>	<u>2,677,095</u>
Support services			
Management and general	343,360	-	343,360
Fundraising	<u>620,251</u>	<u>-</u>	<u>620,251</u>
Total support services	<u>963,611</u>	<u>-</u>	<u>963,611</u>
Total expenses	<u>3,640,706</u>	<u>-</u>	<u>3,640,706</u>
<b>CHANGE IN NET ASSETS</b>	(166,394)	1,537,640	1,371,246
<b>NET ASSETS</b>			
Beginning of year	<u>4,110,436</u>	<u>582,381</u>	<u>4,692,817</u>
<b>NET ASSETS</b>			
End of year	<u>\$ 3,944,042</u>	<u>\$ 2,120,021</u>	<u>\$ 6,064,063</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support			
United Way	\$ 248,870	\$ 181,675	\$ 430,545
Grants	765,287	-	765,287
Other public support	615,374	37,400	652,774
Corporate contributions	353,347	(19,625)	333,722
Capital campaign contributions	3,467	-	3,467
Special events	1,107,820	-	1,107,820
Less: Costs of direct benefits to donors	(301,075)	-	(301,075)
Total public support	2,793,090	199,450	2,992,540
Revenue			
Other income	5,985	-	5,985
Investment income	20,558	2,642	23,200
Total revenue	26,543	2,642	29,185
Total public support and revenue	2,819,633	202,092	3,021,725
<b>NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS</b>	765,274	(765,274)	-
<b>EXPENSES</b>			
Program services	3,144,140	-	3,144,140
Support services			
Management and general	337,659	-	337,659
Fundraising	661,045	-	661,045
Total support services	998,704	-	998,704
Total expenses	4,142,844	-	4,142,844
<b>CHANGE IN NET ASSETS</b>	(557,937)	(563,182)	(1,121,119)
<b>NET ASSETS</b>			
Beginning of year	4,668,373	1,145,563	5,813,936
<b>NET ASSETS</b>			
End of year	\$ 4,110,436	\$ 582,381	\$ 4,692,817

The accompanying notes to financial statements  
are an integral part of this statement.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Support Services			Total
		Management and General	Fundraising	Total Support Services	
Salaries	\$ 1,416,929	\$ 206,459	\$ 390,882	\$ 597,341	\$ 2,014,270
Fringe benefits	161,139	23,479	44,453	67,932	229,071
Payroll taxes	107,499	15,663	29,655	45,318	152,817
Total compensation and benefits	1,685,567	245,601	464,990	710,591	2,396,158
Occupancy	177,708	23,331	18,848	42,179	219,887
Professional fees	103,466	30,715	32,840	63,555	167,021
Fiscal agent expense	155,513	-	-	-	155,513
Depreciation	103,285	13,560	10,955	24,515	127,800
IT expenses	73,103	3,949	23,203	27,152	100,255
Interest	66,456	8,726	7,048	15,774	82,230
Match support activities	75,155	-	-	-	75,155
Telephone	45,693	2,469	14,503	16,972	62,665
Insurance	44,780	5,879	4,749	10,628	55,408
Conferences and meetings	25,118	1,357	7,972	9,329	34,447
Miscellaneous	23,897	1,290	7,587	8,877	32,774
Supplies	15,143	818	4,807	5,625	20,768
Big Brothers Big Sisters of America	14,989	810	4,757	5,567	20,556
Equipment rental and maintenance	15,824	2,078	1,678	3,756	19,580
Printing	11,806	638	3,747	4,385	16,191
Marketing	8,903	481	2,826	3,307	12,210
Travel	6,943	375	2,204	2,579	9,522
Bad debt	6,562	355	2,083	2,438	9,000
Dues and subscriptions	5,570	301	1,768	2,069	7,639
Membership dues	4,837	261	1,535	1,796	6,633
Staff development	3,618	195	1,148	1,343	4,961
Postage	3,159	171	1,003	1,174	4,333
Total expenses	\$ 2,677,095	\$ 343,360	\$ 620,251	\$ 963,611	\$ 3,640,706

The accompanying notes to financial statements  
are an integral part of this statement.



**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services	Support Services			Total
		Management and General	Fundraising	Total Support Services	
Salaries	\$ 1,596,284	\$ 190,691	\$ 401,187	\$ 591,878	\$ 2,188,162
Fringe benefits	172,604	20,619	43,380	63,999	236,603
Payroll taxes	111,667	13,340	28,065	41,405	153,072
Total compensation and benefits	1,880,555	224,650	472,632	697,282	2,577,837
Occupancy	154,743	20,316	16,412	36,728	191,471
Professional fees	252,575	39,716	63,374	103,090	355,665
Fiscal agent expense	212,539	-	-	-	212,539
Depreciation	105,656	13,872	11,206	25,078	130,734
IT expenses	54,235	3,310	13,608	16,918	71,153
Interest	72,362	9,500	7,675	17,175	89,537
Match support activities	65,485	-	-	-	65,485
Telephone	51,562	3,147	12,938	16,085	67,647
Insurance	51,758	6,795	5,490	12,285	64,043
Conferences and meetings	28,010	1,710	7,028	8,738	36,748
Miscellaneous	14,448	882	3,624	4,506	18,954
Supplies	21,552	1,315	5,408	6,723	28,275
Big Brothers Big Sisters of America	13,214	806	3,316	4,122	17,336
Equipment rental and maintenance	21,939	2,880	2,327	5,207	27,146
Printing	19,563	1,194	4,908	6,102	25,665
Marketing	32,373	1,976	8,123	10,099	42,472
Travel	7,497	458	1,881	2,339	9,836
Bad debt	68,962	4,209	17,304	21,513	90,475
Dues and subscriptions	943	58	237	295	1,238
Membership dues	7,474	456	1,875	2,331	9,805
Staff development	3,744	229	939	1,168	4,912
Postage	2,951	180	740	920	3,871
Total expenses	\$ 3,144,140	\$ 337,659	\$ 661,045	\$ 998,704	\$ 4,142,844

The accompanying notes to financial statements  
are an integral part of this statement.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Public support received	\$ 3,656,592	\$ 3,489,468
Other income received	8,984	10,821
Rental income received	31,000	-
Investment income received	4,392	2,274
Payments for compensation and benefits	(2,743,322)	(2,292,677)
Payments for professional fees	(207,271)	(315,415)
Payments for fiscal agent expenses	(155,513)	(212,539)
Payments for occupancy	(227,507)	(192,432)
Payments for interest	(89,542)	(89,537)
Payments for IT expenses	(100,255)	(71,153)
Payments for other operating expenses	(414,664)	(372,102)
Total adjustments	<u>(237,106)</u>	<u>(43,292)</u>
Net cash used in operating activities	<u>(237,106)</u>	<u>(43,292)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchases of investments	(49,281)	(51,418)
Proceeds from sales of investments	76,894	49,144
Payments for purchases of property and equipment	(121,249)	(84,876)
Net cash used in investing activities	<u>(93,636)</u>	<u>(87,150)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital campaign contributions received	6,000	326,000
Net proceeds from lines of credit	245,000	75,000
Payments on note payable	(52,931)	(394,268)
Net cash provided by financing activities	<u>198,069</u>	<u>6,732</u>
<b>NET DECREASE IN CASH</b>	<u>(132,673)</u>	<u>(123,710)</u>
<b>CASH, Beginning of year</b>	<u>595,382</u>	<u>719,092</u>
<b>CASH, End of year</b>	<u>\$ 462,709</u>	<u>\$ 595,382</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Big Brothers Big Sisters of Metro Atlanta, Inc. (the "Agency") is a Georgia nonprofit organization that seeks to provide children facing adversity with strong and enduring professionally supported, one-to-one relationships that change their lives for the better, forever. The Agency actively seeks to assist children of every ethnic, racial, national, cultural and religious group in the metropolitan Atlanta area who may need additional positive role models to enrich their lives.

B. The accompanying financial statements have been prepared using the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when incurred.

C. The Agency classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The Agency records contributions of cash and other assets as net assets without donor restrictions unless specifically restricted by the donor. Restricted contributions are recorded as net assets without donor restrictions if the restriction expires in the same reporting period that the contribution is recorded. All other restricted contributions are recorded as an increase in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from restrictions." Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operation of the Agency.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets permit the Agency to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

D. At times the Agency's cash balances may be in excess of the federally insured limits. However, given the strength of the financial institution, management believes such excess deposits do not create significant loss exposure.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

E. The Agency records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred. Amounts that have been received but not earned are included in accounts payable and accrued expenses on the Statements of Financial Position.

F. Contributions to be received in less than one year are reported at net realizable value. Contributions to be received in one year or more are initially reported at fair value, estimated by discounting them to their present value at a risk-adjusted rate. Thereafter, amortization of the discount is recorded as additional contribution revenue. An allowance is made for uncollectible promises to give and capital campaign pledges receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

G. Conditional promises to give are recognized when the conditions are substantially met. During the year ended December 31, 2018, the Agency received conditional grants of \$90,750, which are conditional upon the Agency receiving \$50,000 of pledges and meeting specific mentor match requirements. As of December 31, 2018, the Agency had not met these stipulated conditions and this revenue has not been recorded on the accompanying Statements of Activities and Net Assets.

H. Investments include equities, fixed income instruments and money market accounts that are carried at fair value. Increases and decreases in market value are reported as investment income (loss) on the Statements of Activities and Net Assets.

I. The preparation of financial statements in conformity with U.S. 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.

J. Purchased property and equipment with values greater than or equal to \$500 are stated at historical cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets range from three to thirty-nine years. Depreciation expense, including amount allocated to rental expenses, was \$139,193 and \$130,734 for the years ended December 31, 2018 and 2017, respectively.

K. The Agency records donated services if the fair market value of the donated services is readily available and meets the criteria for recognition.

L. The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended. The Internal Revenue Service has classified the Agency as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code, which allows donors to take the maximum charitable deduction.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

M. The accompanying financial statements report certain categories of expenses that are attributable to one or more functions of the Agency, which are defined as program services, management and general and fundraising. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expense categories that are allocated include: compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy, depreciation, interest and equipment rental and maintenance, which are allocated on a square-footage basis; and professional fees, which are allocated through a specific identification to the functional expense category due to the nature of the expense. The remainder of the expenses are primarily allocated on an average headcount basis.

N. Subsequent events have been evaluated by management through March 19, 2019, the date these financial statements were available to be issued.

**2. PROMISES TO GIVE**

Unconditional promises to give at December 31, 2018 and 2017 are as follows:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Receivable in less than one year	\$ 1,048,610	\$ 342,588
Receivable in one to four years	<u>650,000</u>	<u>-</u>
Total promises to give	1,698,610	342,588
Allowance for doubtful accounts	-	(30,000)
Unamortized discount at 2.48%	<u>(23,204)</u>	<u>-</u>
Promises to give, net	<b><u><u>\$ 1,675,406</u></u></b>	<b><u><u>\$ 312,588</u></u></b>

**3. INVESTMENTS**

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are based on significant unobservable inputs. At December 31, 2018 and 2017, the only assets that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments. Such investments are classified within Level 1 of the valuation hierarchy.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

The following is a summary of investments, stated at fair value based on quoted market prices, held at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equities	\$ 115,787	\$ 140,412
Fixed income instruments	72,726	89,996
Money market	12,301	12,444
Total investments	<u>\$ 200,814</u>	<u>\$ 242,852</u>

The following schedule summarizes investment income for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Net realized and unrealized gain (loss)	\$ (14,425)	\$ 20,926
Interest and dividend income, net	4,392	2,274
Total investment income (loss)	<u>\$ (10,033)</u>	<u>\$ 23,200</u>

**4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,108,884	\$ 2,108,884
Building	4,170,271	4,128,101
Equipment and computer software	237,786	167,297
Furniture and fixtures	307,795	307,795
Total	6,824,736	6,712,077
Less accumulated depreciation	<u>(1,123,093)</u>	<u>(992,490)</u>
Total property and equipment, net	<u>\$ 5,701,643</u>	<u>\$ 5,719,587</u>

**5. LINES OF CREDIT**

The Agency had a line of credit with a maximum borrowing limit of \$250,000 and an extended maturity date of January 20, 2019, first secured by the land and building. The line bears interest at the prime rate plus one percentage point, subject to a floor of 3.00%. At December 31, 2018 and 2017, the outstanding balance on this line of credit was \$250,000 and \$75,000, respectively. The effective interest rate was 6.25% and 5.25%, respectively.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Subsequent to December 31, 2018, this line of credit agreement was modified to increase the maximum borrowing limit to \$500,000 and extend the maturity date to January 20, 2020.

During the year ended December 31, 2018, the Agency obtained an additional unsecured line of credit with a maximum borrowing limit of \$250,000 and an extended maturity date of January 8, 2019. The line bears interest at the prime rate plus one percentage point, subject to a floor of 3.00%. At December 31, 2018, the outstanding balance on this line of credit was \$70,000, and the effective interest rate was 6.25%. Subsequent to December 31, 2018, this outstanding line of credit balance was paid.

**6. NOTES PAYABLE**

The Agency has a \$1,634,000 note first secured by the land and building. The note bears interest at a rate of 4.85% and matures on December 20, 2021. Interest and principal payments of \$10,709 are due monthly. The outstanding principal and accrued interest are due in full upon maturity. At December 31, 2018 and 2017, the outstanding principal balance was \$1,531,801 and \$1,584,732, respectively.

The Agency also has a \$400,000 note second secured by the land and building. The note bears interest at the prime rate plus one percentage point, subject to a floor of 4.25%. Interest is payable monthly and principal payments are due on the anniversary date of the agreement, \$250,000 for the first year, \$75,000 for the second year, and \$75,000 upon maturity on December 20, 2019. The Agency has accelerated the principal payments over the life of the note. The outstanding principal balance was \$55,000 at December 31, 2018 and 2017. The effective interest rate was 6.25% and 5.25%, respectively.

Future maturities of the notes payable are shown below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 110,492
2020	58,243
2021	<u>1,418,066</u>
Total	<u><u>\$ 1,586,801</u></u>

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**7. NET ASSETS**

At December 31, 2018, net assets with donor restrictions consisted of the following:

<b>Restriction</b>	<b>December 31, 2017</b>	<b>Contributions/ Investment Return</b>	<b>Releases</b>	<b>December 31, 2018</b>
Passage of time	\$ 431,675	\$ 1,840,963	\$ (431,675)	\$ 1,840,963
Purpose	116,400	246,075	(116,400)	246,075
Spending policy and appropriation of expenditure	9,306	(1,323)	-	7,983
Donor restrictions stipulating resources be maintained in perpetuity	25,000	-	-	25,000
<b>Total</b>	<b>\$ 582,381</b>	<b>\$ 2,085,715</b>	<b>\$ (548,075)</b>	<b>\$ 2,120,021</b>

At December 31, 2017, net assets with donor restrictions consisted of the following:

<b>Restriction</b>	<b>December 31, 2016</b>	<b>Contributions/ Investment Return</b>	<b>Releases</b>	<b>December 31, 2017</b>
Passage of time	\$ 1,034,899	\$ 162,050	\$ (765,274)	\$ 431,675
Purpose	79,000	37,400	-	116,400
Spending policy and appropriation of expenditure	6,664	2,642	-	9,306
Donor restrictions stipulating resources be maintained in perpetuity	25,000	-	-	25,000
<b>Total</b>	<b>\$ 1,145,563</b>	<b>\$ 202,092</b>	<b>\$ (765,274)</b>	<b>\$ 582,381</b>

**8. ENDOWMENT**

The Agency's endowment consists of a quasi-endowment, board-designated fund established for a variety of purposes and one donor-restricted endowment fund. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity for a



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donor-specified period as well as board-designated funds. As required by U.S. 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 of donor-imposed restrictions.

The Board of Directors of the Agency has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as net assets with donor restrictions. The remaining portion of the donor-restricted endowment fund is classified as net assets without restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors appropriates funds from the endowment funds based on specific needs and budgeting requirements from year to year. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Agency and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Agency; and,
- (7) The investment policies of the Agency.

The Agency has adopted investment and spending policies that attempt to preserve endowment assets by using funding, via the annual operating budget, of up to 40% of the earnings on the endowment for the prior year. The Board of Directors has additional authority to approve additional funding when operating cash is insufficient. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed common benchmarks for a balanced portfolio, while assuming a moderate level of risk.

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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The composition of and changes in endowment funds at December 31, 2018 consisted of the following:

	<b><u>Board Designated</u></b>	<b><u>Investment Earnings</u></b>	<b><u>Perpetual In Nature</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	\$ 208,546	\$ 9,306	\$ 25,000	\$ 242,852
Investment return:				
Investment income, net	3,855	537	-	4,392
Distributions	(32,005)	-	-	(32,005)
Net realized and unrealized loss	<u>(12,565)</u>	<u>(1,860)</u>	<u>-</u>	<u>(14,425)</u>
Total investment return	<u>(40,715)</u>	<u>(1,323)</u>	<u>-</u>	<u>(42,038)</u>
Endowment net assets, end of year	<u>\$ 167,831</u>	<u>\$ 7,983</u>	<u>\$ 25,000</u>	<u>\$ 200,814</u>

The composition of and changes in endowment funds at December 31, 2017 consisted of the following:

	<b><u>Board Designated</u></b>	<b><u>Investment Earnings</u></b>	<b><u>Perpetual In Nature</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	\$ 187,988	\$ 6,664	\$ 25,000	\$ 219,652
Investment return:				
Investment income, net	2,025	249	-	2,274
Net realized and unrealized gain	<u>18,533</u>	<u>2,393</u>	<u>-</u>	<u>20,926</u>
Total investment return	<u>20,558</u>	<u>2,642</u>	<u>-</u>	<u>23,200</u>
Endowment net assets, end of year	<u>\$ 208,546</u>	<u>\$ 9,306</u>	<u>\$ 25,000</u>	<u>\$ 242,852</u>

**9. LEASE**

During the year ended December 31, 2018, the Agency leased a portion of its building space to a tenant under a noncancelable operating lease with a 37 month term expiring in 2021. For the year ended December 31, 2018, rental income from the lease totaled \$31,000.

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Estimated future minimum lease payments are shown below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 38,130
2020	39,276
2021	<u>6,578</u>
Total	<u>\$ 83,984</u>

**10. RETIREMENT PLAN**

The Agency has established a defined contribution plan for the benefit of its employees for which the Agency matches 100% of the first 3% and 50% of the next 3% of each employee's contributions to the Plan. For the years ended December 31, 2018 and 2017, the Agency made contributions to the Plan totaling \$57,959 and \$53,417, respectively.

**11. RELATED PARTY**

During the years ended December 31, 2018 and 2017, the Agency received support from Big Brothers Big Sisters of America ("BBBSA") of \$40,690 and \$14,252 respectively. At December 31, 2018, promises to give from BBBSA was \$14,667.

**12. CONCENTRATIONS**

The following schedule summarizes the concentrations in financial statements amounts at December 31, 2018 and 2017 and for the years then ended:

	<u>Number of Donors</u>	<u>Concentration Percentage</u>
<b>Public support and revenue</b>		
Year ended December 31, 2018	1	38%
Year ended December 31, 2017	2	35%
<b>Promises to give, net</b>		
December 31, 2018	2	87%
December 31, 2017	2	91%

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**13. LIQUIDITY**

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018, comprise the following:

Cash	\$ 462,709
Grants and other receivables	20,460
Promises to give, net	1,048,610
Capital campaign pledges receivable, net	5,000
Other assets	<u>104,225</u>
Total financial assets available for general expenditure	<u><u>\$ 1,641,004</u></u>

As discussed in Note 8, the Agency has a board-designated endowment which may be drawn upon in the event of immediate liquidity need resulting from events outside the typical life cycle of converting financial assets or settling financial liabilities. Additionally, as more fully described in Note 5, the Organization has a committed line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need.