Big Brothers Big Sisters of Metro Atlanta

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, 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.

Emphasis of Matter
As discussed in Note 1 to the financial statements, during the year ended December 31, 2017, the Agency adopted Accounting Standard Update 2016-14. Our opinion is not modified with respect to this matter.

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, 2017 and 2016, 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.

Jones and Kolb

March 21, 2018

BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
ASSETS		
Cash	$ 595,382	$ 719,092
Grants and other receivables	11,860	37,389
Promises to give, net	312,588	830,224
Capital campaign pledges receivable, net	21,615	407,148
Investments	242,852	219,652
Property and equipment, net	5,719,587	5,770,281
Other assets	19,949	57,344
Total assets	$ 6,923,833	$ 8,041,130
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 516,284	$ 193,194
Lines of credit	75,000	-
Notes payable	1,639,732	2,034,000
Total liabilities	2,231,016	2,227,194
NET ASSETS		
Without donor restrictions	4,110,436	4,668,373
With donor restrictions	582,381	1,145,563
Total net assets	4,692,817	5,813,936
Total liabilities and net assets	$ 6,923,833	$ 8,041,130

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, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
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
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	765,274	(765,274)	-
EXPENSES			
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
CHANGE IN NET ASSETS	(557,937)	(563,182)	(1,121,119)
NET ASSETS			
Beginning of year	4,668,373	1,145,563	5,813,936
NET ASSETS			
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 ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support			
United Way	$ 299,814	$ 211,250	$ 511,064
Grants	570,479	-	570,479
Other public support	331,979	89,848	421,827
Corporate contributions	418,443	56,998	475,441
Capital campaign contributions	3,978	-	3,978
Special events	1,198,380	-	1,198,380
Less: Costs of direct benefits to donors	(283,329)	-	(283,329)
Total public support	2,539,744	358,096	2,897,840
Revenue			
Other income	6,594	-	6,594
Investment income	5,795	1,205	7,000
Total revenue	12,389	1,205	13,594
Total public support and revenue	2,552,133	359,301	2,911,434
NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS	840,432	(840,432)	-
EXPENSES			
Program services	2,586,578	-	2,586,578
Support services			
Management and general	295,913	-	295,913
Fundraising	592,392	-	592,392
Total support services	888,305	-	888,305
Total expenses	3,474,883	-	3,474,883
CHANGE IN NET ASSETS	(82,318)	(481,131)	(563,449)
NET ASSETS Beginning of year	4,750,691	1,626,694	6,377,385
NET ASSETS End of year	$ 4,668,373	$ 1,145,563	$ 5,813,936

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

		Support Services			
	Program Services	Management and General	Fundraising	Total	Total
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
Professional fees	252,575	39,716	63,374	103,090	355,665
Fiscal agent expense	212,539	-	-	-	212,539
Occupancy	154,743	20,316	16,412	36,728	191,471
Depreciation	105,656	13,872	11,206	25,078	130,734
Bad debt	68,962	4,209	17,304	21,513	90,475
Interest	72,362	9,500	7,675	17,175	89,537
IT expenses	54,235	3,310	13,608	16,918	71,153
Telephone	51,562	3,147	12,938	16,085	67,647
Match support activities	65,485	-	-	-	65,485
Insurance	51,758	6,795	5,490	12,285	64,043
Marketing	32,373	1,976	8,123	10,099	42,472
Conferences and meetings	28,010	1,710	7,028	8,738	36,748
Supplies	21,552	1,315	5,408	6,723	28,275
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
Miscellaneous	14,448	882	3,624	4,506	18,954
Big Brothers Big Sisters of America	13,214	806	3,316	4,122	17,336
Travel	7,497	458	1,881	2,339	9,836
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
Dues and subscriptions	943	58	237	295	1,238
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.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Support Services			Total
		Management and General	Fundraising	Total	
Salaries	$ 1,223,740	$ 169,370	$ 369,068	$ 538,438	$ 1,762,178
Fringe benefits	99,107	13,717	29,890	43,607	142,714
Payroll taxes	91,022	12,598	27,451	40,049	131,071
Total compensation and benefits	1,413,869	195,685	426,409	622,094	2,035,963
Professional fees	189,406	34,680	52,829	87,509	276,915
Fiscal agent expense	262,559	-	-		262,559
Occupancy	129,988	17,066	13,787	30,853	160,841
Depreciation	116,080	15,240	12,312	27,552	143,632
Interest	79,264	10,407	8,407	18,814	98,078
IT expenses	74,607	4,088	20,810	24,898	99,505
Telephone	47,907	2,625	13,362	15,987	63,894
Match support activities	71,997	-	-	-	71,997
Insurance	45,761	6,008	4,853	10,861	56,622
Conferences and meetings	35,955	1,970	10,029	11,999	47,954
Supplies	13,931	763	3,886	4,649	18,580
Equipment rental and maintenance	21,109	2,771	2,239	5,010	26,119
Printing	17,881	980	4,987	5,967	23,848
Miscellaneous	32,771	1,796	9,140	10,936	43,707
Big Brothers Big Sisters of America	13,035	714	3,636	4,350	17,385
Travel	3,049	167	850	1,017	4,066
Membership dues	7,871	431	2,195	2,626	10,497
Staff development	4,242	232	1,183	1,415	5,657
Postage	4,838	265	1,350	1,615	6,453
Dues and subscriptions	458	25	128	153	611
Total expenses	$ 2,586,578	$ 295,913	$ 592,392	$ 888,305	$ 3,474,883

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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Public support received	$ 3,489,468	$ 3,464,561
Other income received	10,821	6,594
Investment income received	2,274	1,356
Payments for compensation and benefits	(2,292,677)	(2,015,585)
Payments for professional fees	(315,415)	(276,915)
Payments for fiscal agent expenses	(212,539)	(262,559)
Payments for occupancy	(192,432)	(157,552)
Payments for interest	(89,537)	(98,078)
Payments for IT expenses	(71,153)	(99,505)
Payments for other operating expenses	(372,102)	(416,763)
Total adjustments	(43,292)	145,554
Net cash provided by operating activities	(43,292)	145,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchases of investments	(51,418)	(73,492)
Proceeds from sales of investments	49,144	72,141
Payments for purchases of property and equipment	(84,876)	(38,780)
Net cash used in investing activities	(87,150)	(40,131)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions received	326,000	668,756
Net proceeds from (payment on) lines of credit	75,000	(2,060,000)
Payments on note payable	(394,268)	(454,000)
Proceeds from notes payable	-	2,034,000
Net cash provided by financing activities	6,732	188,756
NET INCREASE IN CASH	(123,710)	294,179
CASH, Beginning of year	719,092	424,913
CASH, End of year	$ 595,382	$ 719,092

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, 2017 AND 2016

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. In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958). This ASU improves the prior net asset classification requirements, the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management has elected to adopt this ASU early.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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.

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 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 was $130,734 and $143,632 for the years ended December 31, 2017 and 2016, 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.

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 21, 2018, the date these financial statements were available to be issued.

2. PROMISES TO GIVE

Unconditional promises to give at December 31, 2017 and 2016 are as follows:

	2017	2016
Receivable in less than one year	$ 342,588	$ 833,243
Receivable in one to four years	-	10,000
Total promises to give	342,588	843,243
Allowance for doubtful accounts	(30,000)	(10,000)
Unamortized discount at 1.31%	-	(3,019)
Promises to give, net	$ 312,588	$ 830,224

3. CAPITAL CAMPAIGN PLEDGES RECEIVABLE

The Agency engaged in a capital campaign to finance the purchase of land and the new building. Capital campaign pledges receivable at December 31, 2017 and 2016 are as follows:

	2017	2016
Receivable in less than one year	$ 36,000	$ 369,000
Receivable in one to four years	5,615	45,616
Total capital campaign pledges receivable	41,615	414,616
Allowance for doubtful accounts	(20,000)	(4,000)
Unamortized discount at 1.31%	-	(3,468)
Capital campaign pledges receivable, net	$ 21,615	$ 407,148

4. 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, 2017 and 2016, 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.

The following is a summary of investments, stated at fair value based on quoted market prices, held at December 31, 2017 and 2016:

	2017	2016
Equities	$ 140,412	$ 127,097
Fixed income instruments	89,996	81,668
Money market	12,444	10,887
Total investments	$ 242,852	$ 219,652

The following schedule summarizes investment income for the years ended December 31, 2017 and 2016:

	2017	2016
Net realized and unrealized gain	$ 20,926	$ 5,644
Interest and dividend income	2,274	1,356
Total investment income	$ 23,200	$ 7,000

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017 and 2016:

	2017	2016
Land	$ 2,108,884	$ 2,108,884
Building	4,090,631	4,090,631
Equipment and computer software	132,297	126,873
Furniture and fixtures	307,795	307,795
Projects in progress	72,470	-
Total	6,712,077	6,634,183
Less accumulated depreciation	(992,490)	(863,902)
Total property and equipment, net	$ 5,719,587	$ 5,770,281

6. LINES OF CREDIT

The Agency had a line of credit with a maximum borrowing limit of $1,100,000 and a maturity date of December 16, 2016, first secured by the Agency's investments and then the land and building. During the year ended December 31, 2016, the Agency restructured the line of credit and reduced the borrowing limit to $250,000 and extended the maturity date to December 20, 2018. The line bears interest at the prime rate plus one percentage point, subject to a floor of 3.00%. The interest rate was effectively 4.75% at December 31, 2016 and there were no outstanding borrowings on this line of credit. At December 31, 2017, the outstanding balance on this line of credit was $75,000, and the effective interest rate was 5.50%.

7. NOTES PAYABLE

On May 16, 2011, the Agency obtained a $3,950,000 note secured by the land and building. On February 3, 2014, the note was amended to extend the maturity date and modify the principal payment schedule and interest rates. The note bore interest at a rate of 3% for the first year, 3.5% for the second year, 4% for the third year, 4.25% for the fourth year and 4.5% thereafter until the note was paid in full. Interest was payable monthly and principal payments of $250,000 was due annually. The outstanding principal and accrued interest were due in full upon maturity, which was May 15, 2016. During the year ended December 31, 2016, the Agency repaid this note payable.

On December 20, 2016, the Agency obtained a $1,634,000 note 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, 2017 and 2016, the outstanding principal balance was $1,584,732 and $1,634,000, respectively.

On December 20, 2016, the Agency obtained a $400,000 note 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%, which was effectively 4.75% at December 31, 2016. 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. At December 31, 2017 and 2016, the outstanding principal balance was $55,000 and $400,000, respectively.

Future maturities of the notes payable are shown below:

Year Ending	Amount
December 31, 2018	$ 52,870
December 31, 2019	110,492
December 31, 2020	58,243
December 31, 2021	1,418,127
Total future maturities	$ 1,639,732

8. NET ASSETS

At December 31, 2017 and 2016, net assets without donor restrictions consist of the following:

	2017	2016
Subject to passage of time	$ 548,075	$ 1,113,899
Subject to spending policy and appropration of expenditure	9,307	6,664
Subject to donor restrictions stipulating resources be maintained in perpetuity	25,000	25,000
Total net assets without donor restrictions	$ 582,382	$ 1,145,563

Net assets released from restrictions for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Mentoring Children of Prisoners	$ 500,000	$ 500,000
Match support	267,917	278,816
Big Fit	-	25,000
Lilburn and Radloff Middle School	449	20,000
Information technology	-	16,250
Donor endowment	348	366
Net assets released from restrictions	$ 768,714	$ 840,432

9. 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 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 permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets 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.

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

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

The composition of and changes in endowment funds at December 31, 2016 consisted of the following:

	Board Designated	Investment Earnings	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 181,827	$ 5,825	$ 25,000	$ 212,652
Investment return:				
Investment income	1,194	162	-	1,356
Net realized and unrealized gain	4,967	677	-	5,644
Total investment return	6,161	839	-	7,000
Endowment net assets, end of year	$ 187,988	$ 6,664	$ 25,000	$ 219,652

10. RETIREMENT PLAN

The Agency has established a defined contribution plan for the benefit of its employees. For the year ended December 31, 2016, the effective contribution rate was 5% of each employee's salary, though the Agency elected to not make contributions to the Plan for 2016. Effective January 1, 2017, the Plan was amended for the Agency to instead match 100% of the first 3% and 50% of the next 3% of each employee's contribution to the Plan. For the year ended December 31, 2017, the Agency made contributions to the Plan totaling $53,417.

11. RELATED PARTY

During the years ended December 31, 2017 and 2016, the Agency received support from Big Brothers Big Sisters of America ("BBBSA") of $14,252 and $105,676 respectively. At December 31, 2016, promises to give from BBBSA was $56,667.

12. CONCENTRATIONS

The following schedule summarizes the concentrations in financial statements amounts at December 31, 2017 and 2016 and for the years then ended:

	Number of Donors	Concentration Percentage
Public support and revenue		
Year ended December 31, 2017	2	35%
Year ended December 31, 2016	2	36%
Promises to give, net		
December 31, 2017	2	91%
December 31, 2016	2	86%
Capital campaign pledges receivable, net		
December 31, 2017	1	72%
December 31, 2016	1	30%

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, 2017, comprise the following:

Cash	$ 595,382
Grants and other receivables	11,860
Promises to give, net	312,588
Capital campaign pledges receivable, net	16,000
Other assets	19,949
Total financial assets available for general expenditure	$ 955,779

As discussed in Note 9, 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 6, the Organization has a committed line of credit in the amount of $250,000, which it could draw upon in the event of an unanticipated liquidity need.