Big Brothers Big Sisters of Central Indiana

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2018 and 2017

KATZ SAPPER & MILLER

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BIG BROTHERS BIG SISTERS OF
CENTRAL INDIANA, INC.

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Independent Auditors' Report

Board of Directors
Big Brothers Big Sisters of Central Indiana, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of Central Indiana, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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An Affiliate of
KSM Business Services, Inc.

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 Central Indiana, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Big Brothers Big Sisters of Central Indiana, Inc.'s 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 19, 2018

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and equivalents	$ 900,423	$ 1,361,545
Accounts receivable	3,000	5,635
Grants receivable	57,302	30,957
Pledges receivable, net	35,900	19,733
Prepaid expenses	63,601	50,399
Total Current Assets	1,060,226	1,468,269
LONG-TERM ASSETS		
Pledges receivable, net		1,350
Property and equipment, net	195,477	60,764
Cash and equivalents, RISE campaign	1,060,589	
Pledges receivable, RISE campaign, net	3,080,132	
Cash and equivalents reserved for future contingencies	604,417	603,911
Endowment fund and other investments, including permanently restricted of $292,963 in 2018 and 2017	1,421,756	1,139,182
Total Long-term Assets	6,362,371	1,805,207
TOTAL ASSETS	$ 7,422,597	$ 3,273,476

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable	$ 121,006	$ 36,539
Accrued expenses	27,881	26,786
Deferred revenue	108,750	75,500
Total Current Liabilities	257,637	138,825
NET ASSETS		
Unrestricted	1,773,015	1,664,019
Unrestricted - board designated	581,298	540,861
Total Unrestricted	2,354,313	2,204,880
Temporarily restricted	4,517,684	636,808
Permanently restricted	292,963	292,963
Total Net Assets	7,164,960	3,134,651
TOTAL LIABILITIES AND NET ASSETS	$ 7,422,597	$ 3,273,476

See accompanying notes.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018
With Summarized Comparative Information for Year Ended June 30, 2017

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND OTHER SUPPORT					
Direct Public Support:					
Special events revenue	$ 697,267			$ 697,267	$ 745,051
Special events expenses	(235,544)			(235,544)	(201,126)
Net special events	461,723			461,723	543,925
Contributions and pledges	888,746	$ 4,190,400		5,079,146	847,963
Grants - non-governmental	218,556	42,872		261,428	800,713
In-kind donations	171,039			171,039	119,215
Indirect Public Support:					
Allocated by United Way of Central Indiana and United Way of Johnson County	527,301	27,292		554,593	530,401
Total Public Support	2,267,365	4,260,564		6,527,929	2,842,217
Grants from Governmental Agencies	57,509			57,509	68,536
Investment Income	99,873	10,364		110,237	97,365
Net Assets Released from Restrictions	390,052	(390,052)			
Total Revenues and Other Support	2,814,799	3,880,876		6,695,675	3,008,118
EXPENSES					
Program services	2,055,897			2,055,897	1,774,592
Support services:					
Management and general	245,051			245,051	208,700
Fundraising	364,418			364,418	274,167
Total Expenses	2,665,366			2,665,366	2,257,459
CHANGE IN NET ASSETS	149,433	3,880,876		4,030,309	750,659
NET ASSETS					
Beginning of Year	2,204,880	636,808	$ 292,963	3,134,651	2,383,992
End of Year	$ 2,354,313	$ 4,517,684	$ 292,963	$ 7,164,960	$ 3,134,651

See accompanying notes.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018
With Summarized Comparative Information for Year Ended June 30, 2017

	2018				2017
	Program Services	Management and General	Fundraising	Total	Total
Salaries	$ 1,158,844	$ 129,640	$ 193,300	$ 1,481,784	$ 1,292,130
Employee health and pension benefits	185,411	20,769	30,838	237,018	199,337
Payroll taxes	87,065	9,741	14,524	111,330	100,985
Total	1,431,320	160,150	238,662	1,830,132	1,592,452
Professional fees and contract services	45,236	48,496	48,583	142,315	95,323
Occupancy	125,204	15,651	15,651	156,506	157,928
Office expenses	44,218	3,599	23,859	71,676	62,399
Information technology	61,545	5,197	12,162	78,904	71,134
Transportation	23,311	1,021	875	25,207	18,944
Conferences and meetings	6,065	2,681	1,376	10,122	8,787
Program expense	229,217			229,217	152,723
Assistance to others	16,025			16,025	15,225
Marketing and communications	16,013	1,056	14,678	31,747	15,999
Insurance	24,971	3,121	3,121	31,213	29,776
Miscellaneous	407	33	1,405	1,845	765
Total	592,212	80,855	121,710	794,777	629,003
Depreciation and amortization	20,070	2,509	2,509	25,088	20,473
Payments to Big Brothers Big Sisters of America	12,295	1,537	1,537	15,369	15,531
Total Expenses before Special Events Expenses	2,055,897	245,051	364,418	2,665,366	2,257,459
Special events direct expenses netted with revenues on statement of activities			235,544	235,544	201,126
TOTAL EXPENSES	$ 2,055,897	$ 245,051	$ 599,962	$ 2,900,910	$ 2,458,585
TOTAL, YEAR ENDED JUNE 30, 2017	$ 1,774,592	$ 208,700	$ 475,293		

See accompanying notes.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING ACTIVITIES		
Cash received from grantors and others	$ 2,268,401	$ 2,777,442
Cash paid to employees and suppliers	(2,396,879)	(2,140,137)
Investment income received	30,625	23,218
Net Cash Provided (Used) by Operating Activities	(97,853)	660,523
INVESTING ACTIVITIES		
Capital expenditures	(159,801)	(24,459)
Purchases of investments	(732,306)	(493,632)
Proceeds from investments	528,838	483,648
Net Cash Used by Investing Activities	(363,269)	(34,443)
FINANCING ACTIVITIES		
Cash received for RISE campaign	1,060,589	
Net Cash Provided by Financing Activities	1,060,589	-
NET INCREASE IN CASH AND EQUIVALENTS	599,467	626,080
CASH AND EQUIVALENTS		
Beginning of Year	1,361,545	735,465
End of Year	$ 1,961,012	$ 1,361,545
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	$ 4,030,309	$ 750,659
Depreciation and amortization	25,088	20,473
Unrealized (gain) loss on investments	(14,926)	16,256
Realized gain on investments	(64,686)	(90,403)
(Increase) decrease in certain assets:		
Accounts receivable	2,635	4,770
Grants receivable	(26,345)	51,485
Pledges receivable	(3,094,949)	10,315
Prepaid expenses	(13,202)	(5,763)
Cash and equivalents, RISE campaign	(1,060,589)	
Increase (decrease) in certain liabilities:		
Accounts payable	84,467	556
Accrued expenses	1,095	(17,159)
Deferred revenue	33,250	(80,666)
Net Cash Provided (Used) by Operating Activities	$ (97,853)	$ 660,523

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Brothers Big Sisters of Central Indiana, Inc. (BBBSCI or the Organization) provides children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better, forever. BBBSCI partners with parents/guardians, volunteers, schools, and other community stakeholders to help youth achieve socio-emotional competency, increase educational success and avoid risky behaviors. Using an evidence-based approach, BBBSCI recruits, screens, matches and trains adult volunteers to mentor youth ages 8 to 18 who will benefit the most. Mentors (Bigs) and mentees (Littles) meet at least four hours per month for a minimum of one year and are provided ongoing professional staff support from the agency through regularly scheduled phone calls, meetings, and agency-sponsored activities. United Way recognizes BBBSCI as an excellent organization for performance and results. BBBSCI was proud to serve 1,260 Central Indiana girls and boys during the 2017-2018 year.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

Financial Statement Presentation: As required by accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The Organization has an Operating Fund, Endowment Fund and Campaign Fund. The Operating Fund is designated as the current day-to-day operations of the Organization. The Endowment Fund holds assets that are for future purposes only. All contributions to the Endowment Fund are invested and earnings are used for the support of the Organization or for scholarships, depending on donor intent. A portion of the donations have been donated to be held in perpetuity and accordingly are recorded as permanently restricted. Additionally, a portion of the funds have been designated by the Board of Directors for use in future needs and are recorded as unrestricted. The temporarily restricted portion represents the interest from permanently restricted funds coupled with donations to be used for support of the Organization and scholarships. The Campaign Fund holds temporarily restricted assets for the purchase of a building, improvements to the building, and additional staffing over the next five years to help support the Organization’s mission.

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

Cash and Equivalents: For the statement of cash flows, the Organization considers instruments maturing in three months or less to be cash equivalents. Cash and equivalents exclude the reserve for future contingencies, which is recorded as a long-term asset. The reserve for future contingencies represents the portion of cash and equivalents that the Organization has set aside for long-term use. As of June 30, 2018 and 2017, $604,417 and $603,911 was allocated to the reserve for future contingencies, respectively.

The Organization has maintained cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at June 30, 2018 and 2017. The Organization has not experienced any losses in such accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition: The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes dividends, interest, and realized and unrealized gains and losses.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the Organization's financial statements.

Contributions and Pledges are recognized when the donor makes an unconditional promise to give to the Organization and are recorded at their fair values as revenues and assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization has an allowance for uncollectible pledges receivable. The allowance is based on management's analysis and collections history of specific promises made.

During the year ended June 30, 2018, the Organization started a capital campaign (the RISE campaign) to raise funds for the Campaign Fund.

For the years ended June 30, 2018 and 2017, the Organization received approximately 8% and 18%, respectively, of its support and revenue from United Way of Central Indiana, Inc. and United Way of Johnson County, Inc. For the year ended June 30, 2018, the Organization received approximately 15% of its support and revenue from one donor.

Pledges receivable consisted of the following at June 30, 2018 and 2017:

	2018	**2017**
Due in less than one year	$2,469,034	$21,653
Due in one to two years	405,233	1,500
Due in two to three years	239,133	
Due in three to four years	70,000	
Due in four to five years	45,000	
	3,228,400	23,153
Less: Unamortized discounts	(40,373)	
Less: Allowance for uncollectible pledges receivable	(71,995)	(2,070)
Pledges Receivable, net	$3,116,032	$21,083
Unrestricted	$ 35,900	$21,083
Temporarily Restricted:		
RISE campaign	3,080,132	
Pledges Receivable, net	$3,116,032	$21,083

Of the Organization's gross pledges receivable balance, approximately 57% was due from three individuals at June 30, 2018 and approximately 48% was due from one individual at June 30, 2017.

Pledges receivable are discounted at 1.51% at June 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Furniture and equipment	$ 419,302	$ 381,423
Construction in progress	121,922	
Leasehold improvements	17,220	17,220
	558,444	398,643
Less: Accumulated depreciation and amortization	(362,967)	(337,879)
Property and Equipment, net	$ 195,477	$ 60,764

Expenditures for property and equipment are recorded at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. The carrying amount of assets sold, retired, or otherwise disposed of and the related accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is included in income or expense.

Depreciation of property and equipment is provided by monthly charges to expense. The charges are calculated to amortize, on a straight-line basis, the gross carrying amounts of the depreciable assets over the expected useful lives of the various classes of assets. The ranges of estimated useful lives in computing depreciation are:

Furniture and equipment	3-10 years
Leasehold improvements	10-20 years

Expenditures for major replacements are capitalized. Expenditures for routine repairs and maintenance are expensed as incurred.

Net Asset Classifications: The Organization maintains the following classifications of net assets:

- ***Unrestricted Net Assets*** include revenue and expenses from the regular operations of the Organization, the uses of which are at the discretion of management and the Board of Directors. Donations and grant revenue are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized.

- ***Temporarily Restricted Net Assets*** include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors. When a donor restriction is expended, or when a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were temporarily restricted net assets of $4,517,684 and $636,808 at June 30, 2018 and 2017, respectively.

- ***Permanently Restricted Net Assets*** include assets of the Organization in the form of an endowment for which the donor has stipulated that the contribution be maintained in perpetuity. Donor imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. Permanently restricted net assets were $292,963 at June 30, 2018 and 2017.

Recognition of Revenue: Revenues are recognized in the year in which they are earned. Deferred revenue represents revenue received prior to the fiscal year end, which is applicable to the subsequent fiscal year.

Expense Allocation: Expenses have been classified as program services, management and general and fundraising based on the actual direct expenditures. Cost allocations for indirect costs are based on estimates of time and usage by the Organization's personnel and programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax expense for fiscal years 2018 and 2017.

The Organization files U.S. federal and state of Indiana information tax returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for tax years before 2014.

Subsequent Events: The Organization has evaluated the financial statements for subsequent events occurring through September 19, 2018, the date the financial statements were available to be issued. See Note 9.

NOTE 2 - FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Organization for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Mutual Fund Shares and Money Market Fund Shares: Valued at the closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Assets Held at Community Foundation: Valued based on the unit price reported by the Community Foundation. Generally, the unit price is based on quoted market prices of the underlying investments owned.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2018 and 2017:

2018	**Level 1**	**Level 2**	**Total**
Assets			
Cash Equivalents:			
Money market fund shares	$1,659,999		$1,659,999
Endowment Fund and Other Investments:			
Mutual fund shares:			
Fixed income	319,948		319,948
Closed End – Equity Funds	358,049		358,049
Common stocks:			
Consumer discretionary	76,838		76,838
Consumer staples	41,791		41,791
Energy	35,692		35,692
Financials	81,100		81,100
Healthcare	80,372		80,372
Industrials	56,874		56,874
Information technology	160,893		160,893
Other	45,870		45,871
Assets Held at Community Foundation		$156,502	156,502
Total Endowment Fund and Other Investments	1,257,427	156,502	1,413,929
Total Assets at Fair Value	$2,917,426	$156,502	$3,073,928

2017	**Level 1**	**Level 2**	**Total**
Assets			
Cash Equivalents:			
Money market fund shares	$1,498,407		$1,498,407
Endowment Fund and Other Investments:			
Mutual fund shares:			
Fixed income	366,214		366,214
Large cap	28,545		28,545
Mid cap	64,237		64,237
Small cap	53,903		53,903
International	66,319		66,319
Other	19,813		19,813
Common stocks:			
Consumer discretionary	46,697		46,697
Consumer staples	34,667		34,667
Energy	22,462		22,462
Financials	56,914		56,914
Healthcare	56,102		56,102
Industrials	40,457		40,457
Information technology	95,924		95,924
Other	32,054		32,054
Assets Held at Community Foundation		$147,053	147,053
Total Endowment Fund and Other Investments	984,308	147,053	1,131,361
Total Assets at Fair Value	$2,482,715	$147,053	$2,629,768

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization also holds a life insurance policy, with a cash surrender value of $7,827 and $7,821 at June 30, 2018 and 2017, respectively, that is not included above, but is included in endowment fund and other investments on the statements of financial condition.

The Organization also holds cash of $905,430 and $467,049 at June 30, 2018 and 2017, respectively, which is not included above, but is included in either cash and equivalents or cash and equivalents reserved for future contingencies on the statements of financial position.

At June 30, 2018 and 2017, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis.

The unrealized gain on investments was $79,760 and $64,834 at June 30, 2018 and 2017, respectively.

NOTE 3 - ENDOWMENT FUNDS AND OTHER INVESTMENTS

The Organization's endowment funds consist of donor-restricted contributions that were made to provide a source of income for operations and scholarships to program participants. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are board designated assets for the endowment.

The Organization also holds an endowment through the Central Indiana Community Foundation (CICF). The principal amount will permanently remain with CICF, with investment income earned on the investment to be paid back to the Organization. Future donations made to the CICF endowment will continue to remain permanently with CICF, with income earned on those donations to be paid to the Organization as described above.

Interpretation of Relevant Law

The *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) was adopted by Indiana in 2007. The Organization interprets UPMIFA to permit the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund that the Organization determines is prudent for the uses, purposes, and duration of the endowment fund, unless there are explicit donor stipulations to the contrary. In accordance with UPMIFA, the Organization 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 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 Organization
7. The investment policies of the Organization

NOTE 3 - ENDOWMENT FUNDS AND OTHER INVESTMENTS (CONTINUED)

Changes in endowment net assets are as follows for the years ended June 30, 2018 and 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2016	$500,776	$ 80,854	$292,963	$874,593
Released from endowment		(16,794)		(16,794)
Transfer to Operating Fund	(34,545)			(34,545)
Investment income	19,797	1,025		20,822
Unrealized loss	(14,449)	(1,978)		(16,427)
Realized gain	79,769	10,918		90,687
Allowable endowment expenses	(10,488)			(10,488)
Balance at June 30, 2017	540,861	74,025	292,963	907,849
Contributions		3,500		3,500
Released from endowment		(15,299)		(15,299)
Transfer to Operating Fund	(42,231)			(42,231)
Investment income	23,814	1,556		25,370
Unrealized gain	13,025	1,626		14,651
Realized gain	57,512	7,182		64,694
Allowable endowment expenses	(11,683)			(11,683)
Balance at June 30, 2018	$581,298	$ 72,590	$292,963	$946,851

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on long-term growth and a reasonable return.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy whereby the interest earned on the endowment account may be disbursed for possible expenses by the Board of Directors. Once appropriated for a particular reason, the funds then become unrestricted in nature.

Other Endowment Fund Investments

The Organization's endowment net assets consisted of cash and equivalents of $31,464 and endowment fund and other investments of $915,387, totaling $946,851 at June 30, 2018. The Organization's endowment net assets consisted of cash and equivalents of $21,006 and endowment fund and other investments of $886,843, totaling $907,849 at June 30, 2017. The Organization also holds other investments that are not board designated of $506,369 and $252,339 at June 30, 2018 and 2017, respectively.

NOTE 4 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) retirement savings plan for the benefit of substantially all its employees. The Organization matched employee's contributions up to 2% of employees' salary and contributed 1% as a discretionary match beginning January 1, 2017 through June 30, 2018. The Organization matched employee's contributions up to 1% of employees' salary and contributed 2% as a discretionary match from July 1, 2016 through December 31, 2016.

A participant's matching contributions are 100% vested upon completion of three years of service or upon attainment of early retirement age. Total expense for this Plan was $33,461 and $30,608 for the years ended June 30, 2018 and 2017, respectively.

NOTE 5 - DONATED GOODS AND SERVICES

The Organization is required to record the fair value of donated services when the services create or enhance a nonfinancial asset or require specialized skills, are provided by entities or persons possessing those skills, and would otherwise need to be purchased if they were not donated. During the years ended June 30, 2018 and 2017, donated goods and professional services were received by the Organization. The estimated fair market value of these goods and services in the amount of $171,039 and $119,215 for the years ended June 30, 2018 and 2017, respectively, have been reflected in the accompanying financial statements, and treated as non-cash transactions for statement of cash flow purposes. Additionally, there were $68,593 and $67,652 of goods and services donated in connection with special events for the years ended June 30, 2018 and 2017, respectively.

Other donated services that have not been reflected in the financial statements, due to not meeting the recognition criteria, include over 97,000 hours of volunteer service by the Organization's mentors during the year ended June 30, 2018, and over 3,700 hours of volunteer service by the Organization's Board of Directors during the year ended June 30, 2018.

NOTE 6 - OPERATING LEASES

The Organization conducts its operations from a facility under a lease through March 31, 2019. The Organization leases other office equipment under operating leases which expire on various dates through February 2021. During the years ended June 30, 2018 and 2017, total lease expense was $166,247 and $167,248, respectively.

As of June 30, 2018, future minimum lease commitments for long-term operating leases are as follows:

Year Ending June 30,	Rental Payments
2019	$122,190
2020	8,196
2021	5,464
	$135,850

NOTE 7 - LINE OF CREDIT

The Organization has a $300,000 line of credit with a bank that is due on demand. The line of credit is collateralized by unrestricted funds. At June 30, 2018 and 2017, there were no amounts outstanding on the line of credit. Interest on outstanding borrowings is payable monthly at an interest rate of prime less 0.5% (4.50% at June 30, 2018). The line of credit expires on May 20, 2020. During the years ended June 30, 2018 and 2017, the Organization incurred no interest expense.

NOTE 8 - RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017, were available for the following purposes or periods:

	2018	2017
United Way – restricted for use within Johnson County	$ 27,292	$ 25,833
Pledges with time restriction	2,700	8,000
RISE campaign	4,184,200	
Earnings from permanently restricted funds restricted for scholarships	36,393	39,227
Gary Ford Memorial Match Fund – match one child per year	36,197	34,798
Robert Clifford Memorial	30,954	32,354
Legacy Fund (CICF) – restricted for use within Hamilton County	7,500	7,500
Lilly Endowment – six sigma project and strategic planning	156,012	444,012
Nina Mason Pulliam Trust – Martindale-Brightwood Neighborhood Impact Initiative		18,750
Indianapolis Foundation – six sigma project		3,636
Indianapolis Foundation – crime prevention	5,455	5,455
Clowes Fund – Burnese Youth Mentoring Program	15,000	
Miscellaneous	15,981	17,243
Total Temporarily Restricted Net Assets	$4,517,684	$636,808

Net assets were released from donor restrictions during the years ended June 30, 2018 and 2017, by incurring expenses satisfying the following restricted purposes or by occurrence of other events specified by donors:

	2018	2017
Purpose Restrictions Accomplished:		
Lilly Endowment – six sigma project and strategic planning	$288,000	
United Way – restricted for use within Johnson County	25,833	$ 23,846
Nina Mason Pulliam Trust – Martindale-Brightwood Neighborhood Impact Initiative	18,750	59,375
Miscellaneous	34,170	17,982
Earnings from permanently restricted funds restricted for scholarships	15,299	16,794
	382,052	117,997
Time Restrictions Expired	8,000	12,000
Total Net Assets Released From Restrictions	$390,052	$129,997

Permanently restricted net assets at June 30, 2018 and 2017, were restricted for:

	2018	2017
General support of the Organization	$271,843	$271,843
Scholarships	16,120	16,120
Outdoor education or trade skills	5,000	5,000
Total Permanently Restricted Net Assets	$292,963	$292,963

NOTE 9 - CAPITAL CAMPAIGN AND COMMITMENT

In 2018, the Organization launched a multi-year capital campaign (the RISE campaign), a $7 million effort to further the mission of the Organization and help the lives of more kids in the community. This campaign will specifically focus on expanding and sustaining operations to reach more children through high-quality mentoring and creating a prominent new youth mentoring hub near downtown Indianapolis. Specifically, the Organization plans to purchase a building and substantially improve the facility to create a youth mentoring hub and office space to house its operations, currently estimated to cost $1.7 million and $3 million, respectively. Additional funds raised will be used to expand the Organization's service capabilities, mostly through hiring additional staff.

Through June 30, 2018, the Organization has received RISE campaign pledges of $4,247,632 of which $1,167,500 has been collected. The Organization has incurred $64,750 in expenses related to the campaign through June 30, 2018. As of August 30, 2018, the Organization has received aggregate pledges of $4,762,300, collected $2,655,500, and incurred expenses of $78,355. The majority of pledges are receivable within two years.

In August 2018, the Organization signed a purchase agreement for the building located at 1433 N. Meridian Street for a purchase price of $1,700,000. The Organization plans to close on the building purchase in October 2018 and begin substantial improvements immediately. The purchase agreement includes a non-interest bearing note payable for the amount of the building with a maturity in March 2022. The Organization is to make monthly payments of $10,000 beginning on the date of closing until occupancy and $12,000 for the remainder of the term, with all principal being due at maturity.

SUPPLEMENTARY INFORMATION

Independent Auditors' Report
on Supplementary Information

Board of Directors
Big Brothers Big Sisters of Central Indiana, Inc.

We have audited the financial statements of Big Brothers Big Sisters of Central Indiana, Inc. as of and for the year ended June 30, 2018, and our report thereon dated September 19, 2018, which contained an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position by fund, schedule of activities by fund, revenue graphs, excluding investment income and campaign fund revenue, and expense graphs, excluding expenses related to the capital campaign as of and for the year ended June 30, 2018, are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2018 financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Big Brothers Big Sisters of Central Indiana, Inc. as of and for the year ended June 30, 2017, and we expressed an unmodified opinion on those financial statements. The audit was conducted for purposes of forming an opinion on the financial statements as a whole. The revenue graphs, excluding investment income and campaign fund revenue, and expense graphs, excluding expenses related to the capital campaign for the year ended June 30, 2017, are presented for purposes of additional analysis and are 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 financial statements or to the 2017 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information included in the revenue graph and expense graph for the year ended June 30, 2017 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 19, 2018

Katz, Sapper & Miller, LLP
Certified Public Accountants

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Indianapolis, IN 46240

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An Affiliate of
KSM Business Services, Inc.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

SCHEDULE OF FINANCIAL POSITION BY FUND
Year Ended June 30, 2018

ASSETS

	Operating Fund	Endowment Fund	Campaign Fund	Total
CURRENT ASSETS				
Cash and equivalents	$ 868,959	$ 31,464		$ 900,423
Accounts receivable	3,000			3,000
Grants receivable	57,302			57,302
Pledges receivable, net	35,900			35,900
Prepaid expenses	63,601			63,601
Total Current Assets	1,028,762	31,464		1,060,226
LONG-TERM ASSETS				
Pledges receivable, net				
Property and equipment, net	73,555		$ 121,922	195,477
Cash and equivalents, RISE campaign			1,060,589	1,060,589
Pledges receivable, RISE campaign, net			3,080,132	3,080,132
Cash and equivalents reserved for future contingencies	604,417			604,417
Endowment fund and other investments, including permanently restricted of $292,963	506,369	915,387		1,421,756
Total Long-term Assets	1,184,341	915,387	4,262,643	6,362,371
TOTAL ASSETS	$ 2,213,103	$ 946,851	$ 4,262,643	$ 7,422,597

LIABILITIES AND NET ASSETS

	Operating Fund	Endowment Fund	Campaign Fund	Total
CURRENT LIABILITIES				
Accounts payable	$ 42,563		$ 78,443	$ 121,006
Accrued expenses	27,881			27,881
Deferred revenue	108,750			108,750
Total Current Liabilities	179,194		78,443	257,637
NET ASSETS				
Unrestricted	1,773,015			1,773,015
Unrestricted - board designated		$ 581,298		581,298
Total Unrestricted	1,773,015	581,298		2,354,313
Temporarily restricted	260,894	72,590	4,184,200	4,517,684
Permanently restricted		292,963		292,963
Total Net Assets	2,033,909	946,851	4,184,200	7,164,960
TOTAL LIABILITIES AND NET ASSETS	$ 2,213,103	$ 946,851	$ 4,262,643	$ 7,422,597

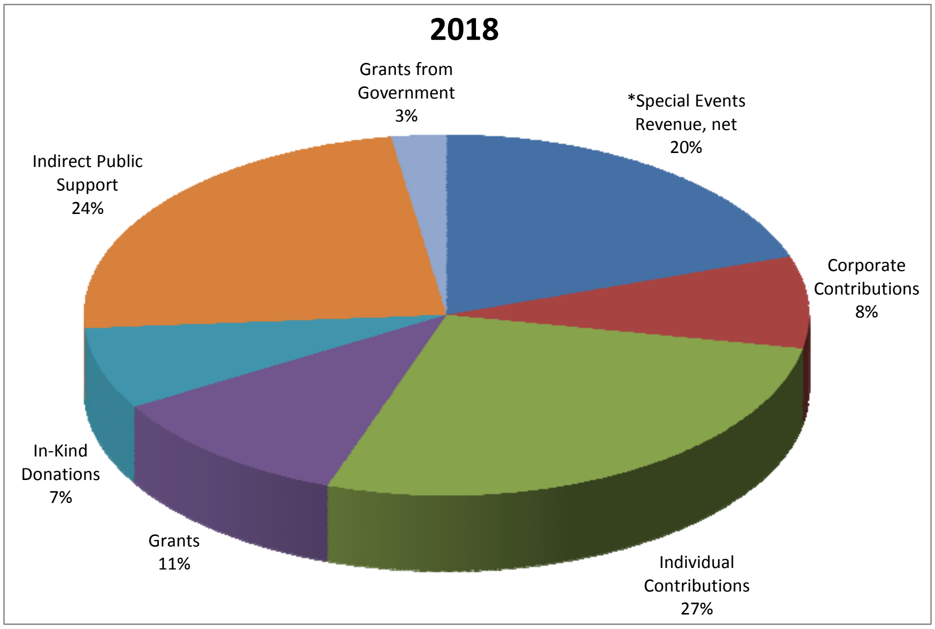
BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

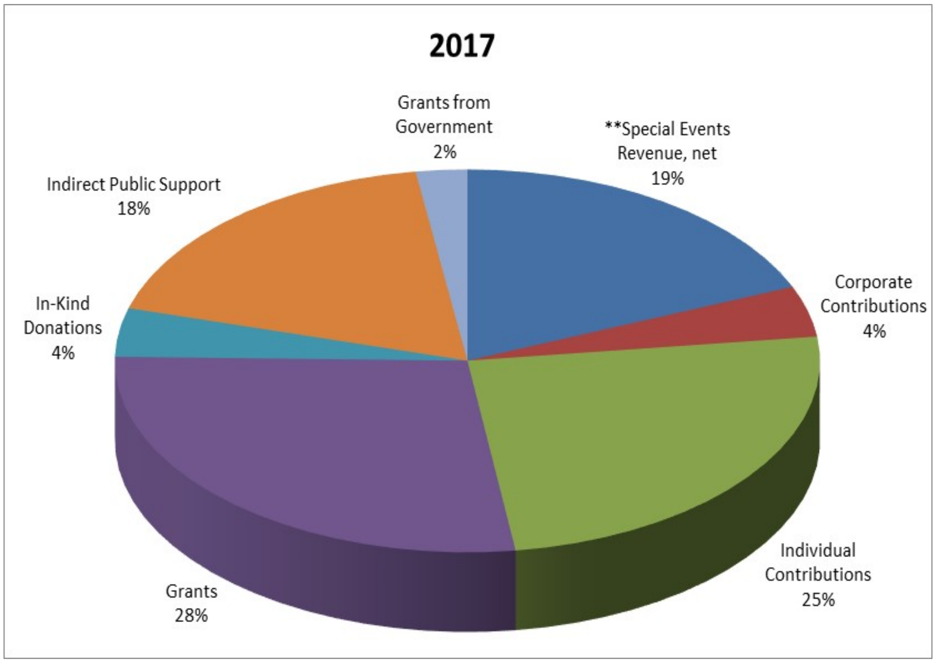
SCHEDULE OF ACTIVITIES BY FUND
Year Ended June 30, 2018

	OPERATING FUND			ENDOWMENT FUND				CAMPAIGN FUND			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Total
REVENUES AND OTHER SUPPORT											
Direct Public Support:											
Special events revenue	$ 697,267		$ 697,267								$ 697,267
Special events expenses	(235,544)		(235,544)								(235,544)
Net special events	461,723		461,723								461,723
Contributions and pledges	825,314	$ 2,700	828,014		$ 3,500		$ 3,500	$ 63,432	$ 4,184,200	$ 4,247,632	5,079,146
Grants - non-governmental	218,556	42,872	261,428								261,428
In-kind donations	171,039		171,039								171,039
Indirect Public Support:											
Allocated by United Way of Central Indiana and United Way of Johnson County	527,301	27,292	554,593								554,593
Total Public Support	2,203,933	72,864	2,276,797		3,500		3,500	63,432	4,184,200	4,247,632	6,527,929
Grants from Governmental Agencies	57,509		57,509								57,509
Investment Income	4,204		4,204	$ 94,351	10,364		104,715	1,318		1,318	110,237
Net Assets Released from Restrictions	374,753	(374,753)		15,299	(15,299)						
Total Revenues and Other Support	2,640,399	(301,889)	2,338,510	109,650	(1,435)		108,215	64,750	4,184,200	4,248,950	6,695,675
EXPENSES											
Program services	2,055,897		2,055,897								2,055,897
Support services:											
Management and general	233,368		233,368	11,683			11,683				245,051
Fundraising	299,668		299,668					64,750		64,750	364,418
Total Expenses	2,588,933		2,588,933	11,683			11,683	64,750		64,750	2,665,366
CHANGE IN NET ASSETS	51,466	(301,889)	(250,423)	97,967	(1,435)		96,532	-	4,184,200	4,184,200	4,030,309
TRANSFER OF NET ASSETS BETWEEN FUNDS	57,530		57,530	(57,530)			(57,530)				
NET ASSETS											
Beginning of Year	1,664,019	562,783	2,226,802	540,861	74,025	$ 292,963	907,849	-	-	-	3,134,651
End of Year	$ 1,773,015	$ 260,894	$ 2,033,909	$ 581,298	$ 72,590	$ 292,963	$ 946,851	$ -	$ 4,184,200	$ 4,184,200	$ 7,164,960

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

REVENUE GRAPHS, EXCLUDING INVESTMENT INCOME AND CAMPAIGN FUND REVENUE
Years Ended June 30, 2018 and 2017





*In 2018, 78% of the special events revenue were corporate contributions with the remaining 22% from individual contributions.
** In 2017, 81% of the special events revenue were corporate contributions with the remaining 19% from individual contributions.

BIG BROTHERS BIG SISTERS OF CENTRAL INDIANA, INC.

EXPENSE GRAPHS EXCLUDING EXPENSES RELATED TO THE CAPITAL CAMPAIGN
Years Ended June 30, 2018 and 2017