

**BIG BROTHERS/BIG SISTERS  
OF MONMOUTH AND MIDDLESEX  
COUNTIES, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2018**

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# *Golda & Golda LLC*

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## **Independent Auditors' Report**

To the Board of Directors of  
Big Brothers/Big Sisters of Monmouth and Middlesex Counties, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Big Brothers/Big Sisters of Monmouth and Middlesex Counties, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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 of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 of 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, include the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Monmouth and Middlesex Counties, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Big Brothers/Big Sisters of Monmouth and Middlesex Counties, Inc's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Golda & Golda, LLC*

Oakhurst, New Jersey  
February 26, 2019

**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2018**  
**With comparative totals as of December 31, 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 787,879	\$ 703,946
Scholarship Fund	10,776	7,373
Accrued revenue	47,028	40,292
Prepaid expenses	4,393	3,963
Investments	170	170
Security deposit	7,020	7,020
<b>Total current assets</b>	<u>857,266</u>	<u>762,764</u>
<b>Equipment and furniture</b> (net of accumulated depreciation of \$78,521 and \$76,883 respectively)	<u>3,885</u>	<u>5,523</u>
<b>TOTAL ASSETS</b>	<u>\$ 861,151</u>	<u>\$ 768,287</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	<u>\$ 10,297</u>	<u>\$ 14,619</u>
<b>Total current liabilities</b>	<u>10,297</u>	<u>14,619</u>
<b>Net assets</b>		
Without donor restrictions	840,078	746,295
With donor restrictions	<u>10,776</u>	<u>7,373</u>
<b>Total net assets</b>	<u>850,854</u>	<u>753,668</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 861,151</u>	<u>\$ 768,287</u>

See auditors' report and accompanying notes to financial statements.

**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the year ended December 31, 2018**  
**With comparative totals for the year ended December 31, 2017**

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Special events	\$ 480,831	\$ -	\$ 480,831	\$ 447,519
Less: Direct benefit to donor costs	102,437	-	102,437	97,745
	378,394	-	378,394	349,774
Foundation Support	200,500	-	200,500	294,500
Donations	186,813	3,403	190,216	168,888
BBBSA National Pass Through Grants	87,000	-	87,000	87,869
School Funding	106,000	-	106,000	95,000
Monmouth County Grant	122,856	-	122,856	57,314
Middlesex County Grant	95,500	-	95,500	117,600
Clothes for Kids Sake	210	-	210	22,012
United Way	16,250	-	16,250	22,500
Investment return	3,159	-	3,159	1,734
Net assets released from restriction	-	-	-	-
<b>Total support and revenue</b>	<b>1,196,682</b>	<b>3,403</b>	<b>1,200,085</b>	<b>1,217,191</b>
<b>Functional expenses</b>				
Program services	799,738	-	799,738	737,163
Management and general	89,433	-	89,433	82,477
Fundraising	213,728	-	213,728	189,217
<b>Total expenses</b>	<b>1,102,899</b>	<b>-</b>	<b>1,102,899</b>	<b>1,008,857</b>
<b>Change in net assets</b>	<b>93,783</b>	<b>3,403</b>	<b>97,186</b>	<b>208,334</b>
<b>Net assets at beginning of year</b>	<b>746,295</b>	<b>7,373</b>	<b>753,668</b>	<b>545,334</b>
<b>Net assets at end of year</b>	<b>\$ 840,078</b>	<b>\$ 10,776</b>	<b>\$ 850,854</b>	<b>\$ 753,668</b>

See auditors' report and accompanying notes to financial statements.

**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2018  
With comparative totals for the year ended December 31, 2017

	2018			2017		
	Program Services	Management and General	Fundraising	Total Program & Support	Benefit to Donor	Total
<b>PAYROLL AND RELATED EXPENSES</b>	\$ 461,520	\$ 55,131	\$ 144,979	\$ 661,630	\$ -	\$ 661,630
Salaries	84,540	10,096	26,568	121,204	-	121,204
Employee benefits	37,434	4,471	11,764	53,669	-	53,669
Payroll taxes						
<b>Total payroll and related expenses</b>	583,494	69,698	183,311	836,503	-	836,503
Activities	13,711	-	-	13,711	-	13,711
Advertising	618	-	64	682	-	682
Volunteer training	371	-	-	371	-	371
Background checks	7,619	-	-	7,619	-	7,619
Conferences and training	6,312	754	1,984	9,050	456	9,506
Dues-BBBS	12,751	-	-	12,751	-	12,751
Licenses and permits	533	64	167	764	-	764
Insurance	10,760	1,285	3,382	15,427	-	15,427
Repairs and maintenance	1,078	129	339	1,546	-	1,546
Computer expense	16,203	-	-	16,203	-	16,203
Rent and utilities	38,932	4,649	12,235	55,816	-	55,816
Equipment rental	751	90	236	1,077	66,242	67,319
Office supplies	5,630	615	1,769	8,014	-	8,014
Postage	5,169	617	1,624	7,410	-	7,410
Marketing	45,121	-	-	45,121	-	45,121
Telephone	7,952	950	2,499	11,401	-	11,401
Travel/transportation	13,009	1,554	4,088	18,651	-	18,651
Grant consultant	16,167	-	-	16,167	-	16,167
Professional fees	5,318	7,720	1,671	14,709	-	14,709
Bank service charges	11	11	-	22	-	22
Special events	-	-	-	-	35,739	35,739
Merchant fees	-	8,246	-	8,246	-	8,246
Depreciation	1,143	136	359	1,638	-	1,638
<b>Total Expenses</b>	\$ 792,653	\$ 96,518	\$ 213,728	\$ 1,102,899	\$ 102,437	\$ 1,205,336
<b>Less: Direct Benefit to Donor Costs</b>					(102,437)	(97,745)
<b>Total expenses as reported on the Statement of Activities</b>						\$ 1,102,899

**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2018**  
**With comparative totals for the year ended December 31, 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 97,186	\$ 208,334
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	1,638	1,795
(Increase) decrease in operating assets		
Accrued revenue	(6,736)	(17,244)
Prepaid expense	(430)	(224)
Increase (decrease) in operating liabilities		
Accounts payable	(4,322)	(138)
<b>Net cash provided (used) by operating activities</b>	<u>87,336</u>	<u>192,523</u>
<b>Cash flows from investing activities</b>		
(Increase) decrease in Scholarship Fund	(3,403)	(447)
<b>Net cash provided (used) by investing activities</b>	<u>(3,403)</u>	<u>(447)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	83,933	192,076
<b>Cash, beginning of year</b>	<u>703,946</u>	<u>511,870</u>
<b>Cash, end of year</b>	<u>\$ 787,879</u>	<u>\$ 703,946</u>

See auditors' report and accompanying notes to financial statements.



**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Big Brothers/Big Sisters of Monmouth and Middlesex Counties, Inc. (the Organization) is a nonprofit professional organization established to help children develop socially and enable them to become independent adults. The Organization is supported primarily through donor contributions and grants.

Net Assets

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that the Organization had no activities subject to UBIT in the years ended December 31, 2018 or 2017. All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. The Organization is required to file form 990 (Return or Organization Exempt from Income Tax), which is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the tax return. The forms 990 for 2015-2017 are open to examination by the IRS as of December 31, 2018.

Revenue Recognition

The Organization recognizes contributions as revenue at their fair value when received. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restriction. Program revenue is recognized in the period in which the supported work is completed.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Equipment and Furniture

Equipment and furniture are stated at cost and depreciated on straight-line and accelerated methods over the estimated useful lives of the depreciable assets. It is the Organization's policy to capitalize property and equipment in excess of \$1,000.

**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net assets and changes therein, and disclosure of contingent assets and liabilities, if any. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising Costs

The Organization expenses advertising as it is incurred. For the years ended December 31, 2018 and 2017, advertising expenses were \$682 and \$1,840, respectively.

Compensated Absences

Employees of the Organization are entitled to paid vacation, sick days and personal days depending on length of service and other factors. The policy of the Organization is to recognize the cost of compensated absences when actually paid to employees, therefore, no amount has been accrued for the years ended December 31, 2018 and 2017.

Comparative Data

The financial information for the year ended December 31, 2017, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, prepaid expenses and accounts payable approximate their fair market value due to the short term maturities of these instruments.

**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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**NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

	<u>2017</u>	<u>2017</u>
Scholarship Fund	\$ 10,776	\$ 7,373
	<u>\$ 10,776</u>	<u>\$ 7,373</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 6,597	\$ 9,506
	<u>\$ 6,597</u>	<u>\$ 9,506</u>

**NOTE 3 – EMPLOYEE BENEFIT PLAN**

The Organization has a Simple IRA plan covering employees who have received at least \$5,000 in compensation during any two calendar years. Under the plan, the Organization contributes a matching contribution from 1 – 3% of the employee’s compensation for that year. Plan expenses incurred by the Organization during the years ended December 31, 2018 and 2017 were \$15,184 and \$13,125, respectively. These payments are included in the schedule of functional expenses within the employee benefits expense item.

**NOTE 4 – DONATED SERVICES**

The value of contributed time by unpaid volunteers is not reflected on these statements because the services did not enhance non-financial assets and the Organization would not pay for the services if they were not donated.

**NOTE 5 –EQUIPMENT AND FURNITURE**

A summary of equipment and furniture consists of the following:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 82,406	\$ 82,406
Less: accumulated depreciation	<u>78,521</u>	<u>76,883</u>
Total	<u>\$ 3,885</u>	<u>\$ 5,523</u>

Depreciation expense for the year ending December 31, 2018 and 2017 was \$1,638 and \$1,795, respectively.

**BIG BROTHERS/BIG SISTERS OF MONMOUTH AND MIDDLESEX COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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**NOTE 6 – OPERATING LEASE**

On February 6, 2013, the Organization entered into a lease for a facility located at 305 Bond Street, Asbury Park, NJ. The lease commences on May 1, 2012 for a term of five years with an option for an additional five years. On October 24, 2016, the Organization entered into a new lease for a term of five years with an option for an additional five years. The lease commences on May 1, 2017. The Organization also leases space at the Emanuel Evangelical Lutheran Church. Rent for the years 2018 and 2017 is \$6,000 per year. Rent expense for years ended December 31, 2018 and 2017 was \$53,037 and \$51,565, respectively.

Future minimum lease payments are as follows:

2018	\$	48,319
2019		49,766
2020		51,268
2021 and thereafter		<u>17,258</u>
	\$	<u>166,611</u>

**NOTE 7 – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash balances in more than one financial institution. At times throughout the year, the Organization's cash balances may exceed the amounts insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2018 and 2017, the Organization's uninsured balance total was \$163,944 and 129,655, respectively. The Organization has not experienced any losses from these accounts.

**NOTE 8 – DATE OF MANAGEMENT'S REVIEW**

Subsequent events were evaluated through February 26, 2019, which is the date the financial statements were available to be issued.