

BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA
AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
(nonprofit California corporations)

COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2009, WITH COMPARATIVE TOTALS FOR 2008

HORG & GRAY LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters of Central California and
Big Brothers Big Sisters Foundation of the Central Valley
Fresno, California:

We have audited the accompanying combined statement of financial position of Big Brothers Big Sisters of Central California and Big Brothers Big Sisters Foundation of the Central Valley, nonprofit California corporations, as of September 30, 2009, and the related combined statements of activities, cash flows and functional expenses for the year then ended. These statements are the responsibility of the organizations' managements. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information was derived from the Organization's September 30, 2008 financial statements and, in our report dated February 5, 2009, we expressed a qualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Central California and Big Brothers Big Sisters Foundation of the Central Valley as of September 30, 2009 and the results of their activities, cash flows and functional expenses for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole, shown on pages 2 through 8 of this report. The data included in this report on pages 9 and 10, although not considered necessary for a fair presentation of financial position, changes in net assets and cash flows, is presented primarily for supplemental analysis purposes. Such information has been subjected to the audit procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Horg & Gray LLP

February 25, 2010

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
COMBINED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2009, WITH COMPARATIVE TOTALS FOR 2008**

	<u>BB BS</u>	<u>BB BS</u>	<u>Totals</u>
		<u>Foundation</u>	<u>2009</u> <u>2008</u>
ASSETS			
Cash	\$ 56,082	\$ 86,657	\$ 142,739
Receivables	52,004	38,240	90,244
Inter-entiry receivable (payable)	101,846	(101,846)	0
Prepaid expenses	15,373		15,373
Property and equipment, less accumulated depreciation	120,515		120,515
Other assets	<u>2,361</u>		<u>2,361</u>
Total Assets	\$ <u>348,181</u>	\$ <u>23,051</u>	\$ <u>371,232</u>
			\$ <u>333,365</u>
LIABILITIES			
Accounts payable	\$ 21,341	\$ 23,051	\$ 44,392
Accrued payroll	17,611		17,611
Accrued PTO and benefits	25,620		25,620
Deferred revenue	1,235		1,235
Line of credit	0		0
Long-term debt	<u>63,750</u>		<u>63,750</u>
Total Liabilities	<u>129,557</u>	<u>23,051</u>	<u>152,608</u>
			\$ 54,848
			13,328
			26,022
			1,810
			55,700
			<u>71,250</u>
			<u>222,958</u>
NET ASSETS			
Unrestricted	218,624	(2,437)	216,187
Temporarily restricted		<u>2,437</u>	<u>2,437</u>
Total Net Assets	<u>218,624</u>	<u>0</u>	<u>218,624</u>
			<u>110,407</u>
Total Liabilities and Net Assets	\$ <u>348,181</u>	\$ <u>23,051</u>	\$ <u>371,232</u>
			\$ <u>333,365</u>

The accompanying notes are an integral part of these financials statements.

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009, WITH COMPARATIVE TOTALS FOR 2008**

	BB BS Unrestricted	BB BS Foundation			Totals	
		Unrestricted	Temporarily Restricted	Total	2009	2008
Revenue and Support						
Donations	\$162,309	\$ 1,321	\$ 3,937	\$ 5,258	\$ 167,567	\$ 73,278
Contract services and grants	541,477				541,477	300,388
Special events revenue	100,121	198,859		198,859	298,980	362,437
Rental income	10,020				10,020	8,612
Other income	2,566				2,566	14,408
Net assets released from restrictions		1,500	(1,500)	0	0	
Total Revenue and Support	<u>816,493</u>	<u>201,680</u>	<u>2,437</u>	<u>204,117</u>	<u>1,020,610</u>	<u>759,123</u>
Expenses						
Program services	538,616				538,616	496,055
Management and general	128,292	2,077		2,077	130,369	117,517
Fundraising						
Costs of direct benefits to donors	25,847	63,997		63,997	89,844	98,328
Other fundraising expenses	26,615	16,375		16,375	42,990	64,749
Fund development	109,074				109,074	74,669
Scholarships		1,500		1,500	1,500	3,600
Total Expenses	<u>828,444</u>	<u>83,949</u>		<u>83,949</u>	<u>912,393</u>	<u>854,918</u>
Increase (decrease) in net assets before Foundation grants	(11,951)	117,731	2,437	120,168	108,217	(95,795)
Foundation grants	<u>120,168</u>	<u>(120,168)</u>		<u>(120,168)</u>	<u>0</u>	<u>0</u>
Increase (decrease) in net assets	108,217	(2,437)	2,437	0	108,217	(95,795)
Net assets, beginning of year	110,407	0	0	0	110,407	187,319
Net assets of Big Brothers Big Sisters of Tulare County- consolidated October 1, 2007	<u>0</u>					<u>18,883</u>
Net assets, end of year	<u>\$ 218,624</u>	<u>\$(2,437)</u>	<u>\$ 2,437</u>	<u>\$ 0</u>	<u>\$ 218,624</u>	<u>\$ 110,407</u>

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

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2009, WITH COMPARATIVE TOTALS FOR 2008**

	BB BS		Totals	
	BB BS	Foundation	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (decrease) in net assets (Exhibit B)	\$ 108,217	\$ 0	\$ 108,217	\$(95,795)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Depreciation	13,943		13,943	9,814
(Increase) decrease in operating assets				
Accounts receivable	(28,511)	24,860	(3,651)	18,206
Inter-entity receivable (payable)	(23,892)	23,892	0	0
Prepaid expenses	8,370		8,370	(11,015)
Other assets	267		267	452
Increase (decrease) in operating liabilities				
Accounts payable	9,009	(19,466)	(10,457)	(8,412)
Accrued payroll	4,283		4,283	3,801
Accrued PTO and benefits	(402)		(402)	11,584
Deferred revenue	(575)		(575)	1,410
Net Cash Provided (Used) by Operating Activities	<u>90,709</u>	<u>29,286</u>	<u>119,995</u>	<u>(69,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Equipment acquisitions	(11,876)		(11,876)	(929)
Net Cash Provided (Used) by Investing Activities	<u>(11,876)</u>		<u>(11,876)</u>	<u>(929)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on long- term debt	(7,500)		(7,500)	(7,500)
Increase (decrease) in short-term debt	(55,700)		(55,700)	55,000
Transfer cash at consolidation				12,009
Net Cash Provided (Used) by Financing Activities	<u>(63,200)</u>		<u>(63,200)</u>	<u>59,509</u>
NET INCREASE (DECREASE) IN CASH	15,633	29,286	44,619	(11,375)
BEGINNING CASH BALANCES	<u>40,449</u>	<u>57,371</u>	<u>97,820</u>	<u>109,195</u>
ENDING CASH BALANCES	\$ <u>56,082</u>	\$ <u>86,657</u>	\$ <u>142,739</u>	\$ <u>97,820</u>
SUPPLEMENTAL DISCLOSURE:				
Interest paid	\$ <u>8,072</u>		\$ <u>8,072</u>	\$ <u>7,569</u>

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

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
COMBINED NOTES TO FINANCIAL STATEMENTS**

NOTE 1 -NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of Big Brothers Big Sisters of Central California is to help at-risk youth reach their potential through professionally supported one-to-one mentoring relationships with caring adults. The purpose of the Organization is to increase educational levels, strengthen family structures and promote positive youth development. Programs are funded by donations, grants, and revenue from fundraising events.

Big Brothers Big Sisters Foundation of the Central Valley was established on July 20, 1995, as a nonprofit public benefit corporation to act for the exclusive benefit of Big Brothers Big Sisters of Central California by conducting fundraising events on their behalf.

Basis of Accounting

The financial statements of the Organizations have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Combined Financial Statements

The financial statements include the accounts of Big Brothers Big Sisters of Central California and Big Brothers Big Sisters Foundation of the Central Valley. All significant inter-entity transactions and accounts are eliminated.

Receivables

Receivables consist of the following:

	<u>2009</u>			<u>2008</u>		
	<u>BBBS</u>			<u>BBBS</u>		
	<u>BBBS</u>	<u>Foundation</u>	<u>Total</u>	<u>BBBS</u>	<u>Foundation</u>	<u>Total</u>
Donations	\$ 7,555		\$ 7,555			
Grants & contracts	42,843		42,843	\$ 21,728		\$ 21,728
Other receivables	<u>1,606</u>	\$ <u>38,240</u>	<u>39,846</u>	<u>1,765</u>	\$ <u>63,100</u>	<u>64,865</u>
	<u>\$ 52,004</u>	\$ <u>38,240</u>	<u>\$ 90,244</u>	<u>\$ 23,493</u>	\$ <u>63,100</u>	<u>\$ 86,593</u>

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor- restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

During the year ended September 30, 2009, many individuals volunteered their time and performed a variety of tasks that benefited the Organizations but were not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 was not met.

In-Kind Donations

In-kind donations were recorded at fair value as of the date received, as required by generally accepted accounting principles, commencing with the fiscal year ended September 30, 2009. Amounts recorded were \$40,597 for the Agency and \$24,644 for the Foundation. In-kind donations were not recorded in the previous fiscal year ended September 30, 2008.

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
COMBINED NOTES TO FINANCIAL STATEMENTS**

Estimates

The preparation of financial statements in conformity with 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.

Subsequent Events

Subsequent events have been evaluated through March 10, 2010 the date on which the financial statements were available for issue.

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organizations' financial statements for the year ended September 30, 2008, from which the summarized information was extracted.

Property and Equipment

Purchases of land, buildings, equipment and furniture and fixtures are recorded at cost. Donated property and equipment are recorded as support at their estimated fair value. Absent donor stipulations regarding how long those donated assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired assets are placed in service and classify them as unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method and are based on expected useful lives ranging from 8 to 40 years.

Income Taxes

The Organizations are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 -PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 32,751	\$ 32,751
Building	142,851	136,287
Equipment	36,051	74,993
Furniture and fixtures	<u>18,735</u>	<u>26,948</u>
	230,388	270,979
Accumulated depreciation	<u>109,873</u>	<u>148,398</u>
	<u>\$ 120,515</u>	<u>\$ 122,581</u>

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
COMBINED NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEBT

Notes Payable	<u>2009</u>	<u>2008</u>
Short-term debt:		
Line of credit limit from Citizens Business Bank is \$70,000 with a maturity date of January 20, 2010. Interest is based on prime plus 2%.	\$ <u>0</u>	\$ <u>55,700</u>
Long-term debt:		
Note payable to Citizens Business Bank dated July 30, 2003 in the original amount of \$150,000. Payable on demand or in principal payments of \$625 beginning August 30, 2003. Interest is payable monthly at a variable interest rate which was 8.25% at September 30, 2008. Secured by land and building at 905 N. Fulton Street.	\$ <u>63,750</u>	\$ <u>71,250</u>
Estimated annual maturities of long-term debt follows:		
Years ending September 30:		
2010	\$ 7,500	
2011	7,500	
2012	7,500	
2013	7,500	
2014 and after	33,750	

NOTE 4 - OPERATING LEASES

The Organization had operating leases for two copiers through March, 2009 with one continuant to December, 2012 at the rate of \$451 per month.

NOTE 5 - LEASE OF FACILITIES

Facilities in Madera for conducting the Madera County program were donated. Rent was recorded as an in-kind donation at fair value of \$400 per month.

Facilities in Tulare, Kings and Kern Counties are received at no cost or at nominal amounts to cover basic costs.

NOTE 6 - RENTAL INCOME

The Organization rented 1,128 square feet of the second floor of its building at 905 N. Fulton Street under one year lease for the period September 9, 2008 to September 8, 2009 at the rate of \$825 per month.

SUPPLEMENTAL DATA

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA
SCHEDULE OF SUPPORT
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Fresno County</u>	<u>Kings County</u>	<u>Madera County</u>	<u>Tulare County</u>	<u>Kern County</u>	<u>Fundraising</u>	<u>Total</u>
Corporate donations	\$ 32,113	\$ 2,607	\$ 40,882	\$ 18,254	\$ 7,484	\$ 16,190	\$ 117,530
Individual donations	25,155	1,553	9,497	3,427	3,767	1,380	44,779
Dept. of Health and Human Services	94,460	10,155	25,545	16,076	29,003		175,239
United Way Grant		375		9,642			10,017
BB BS of America	49,988	5,212	14,216	11,373	14,215		95,004
Cal GRIP	10,158		12,791				22,949
Alcohol and Drug Program				5,000			5,000
Other grants	67,168	6,639	18,107	71,708	8,900		172,522
Corporate fundraising						62,011	62,011
Individual fundraising						38,111	38,111
CDBG Grant	47,246						47,246
City of Visalia				7,500			7,500
Rental income	10,020						10,020
Tulare County				6,000			6,000
Miscellaneous	<u>1,346</u>	<u>141</u>	<u>385</u>	<u>308</u>	<u>385</u>		<u>2,565</u>
	337,654	26,682	121,423	149,288	63,754	117,692	816,493
	<u>62,854</u>	<u>6,631</u>	<u>18,085</u>	<u>14,513</u>	<u>18,085</u>		<u>120,168</u>
Grants – BB BS Foundation	\$ <u>400,508</u>	\$ <u>33,313</u>	\$ <u>139,508</u>	\$ <u>163,801</u>	\$ <u>81,839</u>	\$ <u>117,692</u>	\$ <u>936,661</u>

**BIG BROTHERS BIG SISTERS OF CENTRAL CALIFORNIA AND
BIG BROTHERS BIG SISTERS FOUNDATION OF THE CENTRAL VALLEY
COMBINED SCHEDULE OF FUNDRAISING INCOME AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2009**

	Core Program				Foundation			
	40 th Anniversary Celebration	Tennis-A- Thon	Kern Co. Wine Tasting	Total	300 Club	Women's Event	Misc. Activities	Total
INCOME								
Fundraising	\$ 70,308	\$ 9,700	\$ 8,747	\$ 100,121	\$ 195,889	\$ 2,970	\$ 5,258	\$ 198,859
Donations	11,686	200		17,571			5,258	5,258
Total Income	<u>81,994</u>	<u>9,900</u>	<u>8,747</u>	<u>117,692</u>	<u>195,889</u>	<u>2,970</u>	<u>5,258</u>	<u>204,117</u>
EXPENSES								
Direct benefits to donors								
Dinners					19,197			19,197
Prizes	10,837	317		14,022	33,889			33,889
Plaques					711			711
Chair sales	4,525			4,525	10,200			10,200
Lineage	5,783	1,517		7,300				
Shirts								
Other fundraising expenses								
Postage						47		47
Printing and supplies	1,948			1,455	4,271			4,271
Banners	696			11,331				
Public relations	1,957	311		1,007				
Supplies	1,355			1,998	282			282
Miscellaneous	76			3,326	1,493			2,900
Fees				76			1,707	70
Mileage-travel				2,121				
Staging				5,301				
Bad debts								
Accounting								
Total Expenses	<u>27,177</u>	<u>2,145</u>	<u>3,164</u>	<u>52,462</u>	<u>80,325</u>	<u>47</u>	<u>1,800</u>	<u>83,949</u>
EXCESS OF INCOME OVER EXPENSES	<u>\$ 54,817</u>	<u>\$ 7,755</u>	<u>\$ 5,583</u>	<u>\$ 65,230</u>	<u>\$ 115,564</u>	<u>\$ 2,923</u>	<u>\$ 1,681</u>	<u>\$ 120,168</u>

