

Audited Financial Statements

Nutmeg Big Brothers Big Sisters, Inc.

*Years Ended June 30, 2019 and 2018
with Independent Auditors' Report*

Nutmeg Big Brothers Big Sisters, Inc.

Audited Financial Statements

Years ended June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors of
Nutmeg Big Brothers Big Sisters, Inc.
Hartford, Connecticut

We have audited the accompanying financial statements of Nutmeg Big Brothers Big Sisters, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, 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 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 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.

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nutmeg Big Brothers Big Sisters, Inc. at June 30, 2019, and the changes in net assets and 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 the Nutmeg Big Brothers Big Sisters, Inc. financial statements for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
November 18, 2019

Nutmeg Big Brothers Big Sisters, Inc.
Statements of Financial Position

Assets	June 30,	
	2019	2018
Current assets:		
Cash and cash equivalents	\$ 141,799	\$ 244,351
Investments	143,462	61,195
Receivables, net of allowance for doubtful accounts, current portion	320,237	279,470
Prepaid expenses	6,695	32,957
Total current assets	612,193	617,973
Non-current assets:		
Receivables, net, less current portion	128,189	165,979
Property and equipment, net	16,896	27,471
Total assets	\$ 757,278	\$ 811,423
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 55,262	\$ 47,956
Accrued expenses	127,009	83,528
Other current liabilities	20,000	6,000
Total current liabilities	202,271	137,484
Net assets without donor restrictions:		
Board designated - reserve fund	152,844	115,188
Other	282,964	415,748
Total net assets without donor restrictions	435,808	530,936
Net assets with donor restrictions	119,199	143,003
Total net assets	555,007	673,939
Total liabilities and net assets	\$ 757,278	\$ 811,423

See accompanying notes

Nutmeg Big Brothers Big Sisters, Inc.
Statements of Activities and Changes in Net Assets

	Years Ended June 30, 2019			June 30, 2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Contributions	\$ 1,026,139	\$ 11,280	\$ 1,037,419	\$ 1,076,017
U.S. Treasury grants	569,494	-	569,494	498,956
Special events, net	234,874	-	234,874	219,360
In-kind contributions	103,052	-	103,052	86,798
United Way contributions	80,280	-	80,280	131,627
HartSprings Foundation, Inc.	74,545	-	74,545	68,204
Net assets released from restriction	35,084	(35,084)	-	-
Investment income, net	12,656	-	12,656	4,757
Other governmental grants and contracts	-	-	-	18,938
Total support and revenues	<u>2,136,124</u>	<u>(23,804)</u>	<u>2,112,320</u>	<u>2,104,657</u>
Expenses				
Program services:				
Big Brothers Big Sisters	1,224,781	-	1,224,781	1,082,111
Foster Grandparents	610,254	-	610,254	509,474
	<u>1,835,035</u>	<u>-</u>	<u>1,835,035</u>	<u>1,591,585</u>
Supporting services:				
Management and general	181,242	-	181,242	144,594
Fundraising	214,975	-	214,975	204,709
	<u>2,231,252</u>	<u>-</u>	<u>2,231,252</u>	<u>1,940,888</u>
Total expenses	<u>2,231,252</u>	<u>-</u>	<u>2,231,252</u>	<u>1,940,888</u>
Changes in net assets	<u>(95,128)</u>	<u>(23,804)</u>	<u>(118,932)</u>	<u>163,769</u>
Net assets - beginning of year	<u>530,936</u>	<u>143,003</u>	<u>673,939</u>	<u>510,170</u>
Net assets - end of year	<u>\$ 435,808</u>	<u>\$ 119,199</u>	<u>\$ 555,007</u>	<u>\$ 673,939</u>

See accompanying notes

Nutmeg Big Brothers Big Sisters, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	<u>Program Services</u>				Total
	<u>Big Brothers Big Sisters</u>	<u>Foster Grandparents</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and related expenses:					
Salaries	\$ 714,245	\$ 164,949	\$ 108,651	\$ 113,279	\$ 1,101,124
Payroll taxes	52,890	11,711	8,239	10,224	83,064
Employee benefits	78,794	23,219	10,778	9,862	122,653
Total salaries and related expenses	<u>845,929</u>	<u>199,879</u>	<u>127,668</u>	<u>133,365</u>	<u>1,306,841</u>
Other expenses:					
Activities	68,835	42,525	3,811	16,202	131,373
Bad debt expense	7,500	2,560	-	-	10,060
Conferences and meetings	5,242	827	6,104	2,432	14,605
Donated advertising	21,600	-	-	19,500	41,100
Dues and subscriptions	16,439	150	50	4,953	21,592
Equipment rental and maintenance	17,376	1,138	6,883	844	26,241
Insurance	27,578	3,398	4,123	1,424	36,523
Bank and credit card fees	488	-	117	4,490	5,095
Occupancy	41,709	17,112	2,428	2,317	63,566
Office expense and supplies	1,524	4,447	5,465	172	11,608
Postage	1,496	957	171	158	2,782
Printing and publications	50	53	6,429	2,754	9,286
Professional fees	131,707	15,727	14,706	23,075	185,215
Telephone and internet	20,422	3,641	1,930	1,511	27,504
Travel	7,369	3,513	828	1,778	13,488
Volunteer support	-	313,798	-	-	313,798
Total other expenses	<u>369,335</u>	<u>409,846</u>	<u>53,045</u>	<u>81,610</u>	<u>913,836</u>
Depreciation	9,517	529	529	-	10,575
Total functional expenses	<u>\$ 1,224,781</u>	<u>\$ 610,254</u>	<u>\$ 181,242</u>	<u>\$ 214,975</u>	<u>\$ 2,231,252</u>

See accompanying notes

Nutmeg Big Brothers Big Sisters, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

	<u>Program Services</u>				<u>Total</u>
	<u>Big Brothers Big Sisters</u>	<u>Foster Grandparents</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and related expenses:					
Salaries	\$ 658,530	\$ 147,016	\$ 71,818	\$ 96,996	\$ 974,360
Payroll taxes	57,093	10,793	10,776	7,252	85,914
Employee benefits	64,107	21,624	5,586	3,826	95,143
Total salaries and related expenses	<u>779,730</u>	<u>179,433</u>	<u>88,180</u>	<u>108,074</u>	<u>1,155,417</u>
Other expenses:					
Activities	32,077	30,221	1,950	35,988	100,236
Bad debt expense	9,050	-	-	-	9,050
Conferences and meetings	3,965	1,181	8,579	2,234	15,959
Donated advertising	26,520	1,950	-	10,530	39,000
Dues and subscriptions	12,137	-	995	3,046	16,178
Equipment rental and maintenance	19,895	747	7,886	282	28,810
Insurance	24,478	2,718	5,836	50	33,082
Interest	-	-	55	-	55
Bank and credit card fees	368	-	330	5,469	6,167
Occupancy	47,479	11,850	2,837	142	62,308
Office expense and supplies	1,787	1,059	4,026	123	6,995
Postage	1,624	1,021	170	(90)	2,725
Printing and publications	-	23	1,819	3,448	5,290
Professional fees	95,321	2,894	17,391	30,061	145,667
Telephone and internet	15,475	2,205	3,187	1,358	22,225
Travel	4,661	3,690	902	3,972	13,225
Volunteer support	-	268,599	-	-	268,599
Total other expenses	<u>294,837</u>	<u>328,158</u>	<u>55,963</u>	<u>96,613</u>	<u>775,571</u>
Depreciation	7,544	1,883	451	22	9,900
Total functional expenses	<u>\$ 1,082,111</u>	<u>\$ 509,474</u>	<u>\$ 144,594</u>	<u>\$ 204,709</u>	<u>\$ 1,940,888</u>

See accompanying notes

Nutmeg Big Brothers Big Sisters, Inc.
Statements of Cash Flows

	Years Ended	
	June 30,	
	2019	2018
Cash flows from operating activities		
Changes in net assets	\$ (118,932)	\$ 163,769
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation expense	10,575	9,900
Unrealized gain on investments, net of investment fees	(9,030)	(3,637)
Bad debt expense	10,060	9,050
Changes in assets and liabilities:		
Receivables, net	(13,037)	50,264
Prepaid expenses	26,262	631
Accounts payable	7,306	(3,719)
Accrued expenses	43,481	4,828
Other current liabilities	14,000	(30,880)
Net cash (used) provided by operating activities	<u>(29,315)</u>	200,206
Cash flows from financing activities		
Net payments on line of credit	-	(30,000)
Net cash used by financing activities	<u>-</u>	(30,000)
Cash flows from investing activities		
Net purchase of investments	(73,237)	(29,327)
Purchase of equipment	-	(12,108)
Net cash used by investing activities	<u>(73,237)</u>	(41,435)
Net (decrease) increase in cash and cash equivalents	<u>(102,552)</u>	128,771
Cash and cash equivalents - beginning of year	<u>244,351</u>	115,580
Cash and cash equivalents - end of year	<u><u>\$ 141,799</u></u>	<u><u>\$ 244,351</u></u>
Supplemental cash flow information:		
Cash paid during year:		
Interest	\$ -	\$ 55

See accompanying notes

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements

June 30, 2019 and 2018

1. Description of Organization and Nature of Activities

Nutmeg Big Brothers Big Sisters, Inc. (the Organization) is a nonprofit, voluntary welfare agency. The Organization exists to make a positive difference in the lives of children and youth facing adversity, primarily through professionally supported relationships with caring adult volunteers. The Organization strives to assist children to achieve their highest potential by providing committed volunteers, local leadership and advocacy. The Organization builds mentoring relationships in 132 Connecticut towns. These relationships unite children with committed volunteers, changing lives for the better, forever.

In addition to the traditional program, the Organization operates the Foster Grandparents Program. The Foster Grandparents Program matches low income senior citizens to children in schools, day care centers and head start programs. Low income seniors are paid a non-taxable stipend to reimburse them for certain time and expenses incurred by participating in the program.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management. There are Board designated funds of \$152,844 and \$115,188 at June 30, 2019 and 2018 (see Note 3).

With Donor Restrictions - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provision of additional donor imposed stipulations or a board approved spending policy. At June 30, 2019 and 2018, there are \$119,199 and \$143,003 of donor restricted net assets, designated as follows:

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

	June 30, 2019	June 30, 2018
UConn on-campus mentoring	\$ 74,713	\$ 96,764
Arthur Director Leadership Program	33,206	40,000
Technology upgrades	11,280	6,239
Total	\$ 119,199	\$ 143,003

Recently Adopted Accounting Pronouncement

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets rather than three, and enhancement of disclosures regarding board designations, appropriations, and certain qualitative information.

Recent Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Made and Contributions Received*. ASU 2018-08 provides clarification on the process of evaluating whether transaction should be accounted for as a contribution (nonreciprocal transaction) or as an exchange (reciprocal) transaction. Contributions will be recognized in accordance with ASU 2018-08, while exchange transactions will follow the ASU 2014-09, *Revenue from Contracts with Customers* guidance. In addition the guidance defines the process of determining whether a contribution is conditional. ASU 2018-08 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early application is permitted, and should only be applied to the revenues that have not yet been recognized before the effective date in accordance with the guidance. The Organization is currently in the process of assessing the impact that the adoption of ASU 2018-08 will have on its financial statements.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Credit Risk

The Organization maintains its cash and cash equivalents in financial institution accounts that, at times during the year, can exceed federally insured limits. The cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2019 and 2018. The Organization also maintains an investment account in a financial institution that is not insured by the FDIC.

Cash and Cash Equivalents

Cash equivalents consist of cash and money market accounts with original maturities of three months or less.

Investments

The Organization primarily invests in money market, mutual funds, ETF's, and equities. Investments are reported at their current fair values. Purchases and sales of securities are recorded on the trade date basis. Investment earnings include gains and losses on investments bought and sold as well as held during the year. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

Receivables

Receivables expected to be collected within one year are recorded as current assets on the statements of financial position. Receivables are presented net of a bad debt allowance. Allowances for receivables are determined by management based on an assessment of their collectability, which includes consideration of past history, current economic conditions and overall viability of the third-party. Receivables are written off only when management believes amounts will not be collected. There was an allowance for doubtful accounts of \$3,600 at both June 30, 2019 and 2018. Receivables that are expected to be collected in future years are recorded at their net present value (see Note 5).

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is charged against income over their estimated useful lives, generally five years, using the straight-line method. Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvement or the lease term. Renewals and improvements which extend the useful lives of assets are capitalized at cost. Maintenance and repairs are included as expenses in the statements of activities.

Revenue Recognition

Grant revenue is recognized as costs are incurred. Receivables are recognized to the extent costs have been incurred, but not reimbursed. Conversely, a liability is recorded when grant advances exceed eligible costs.

Contributions are defined as voluntary, nonreciprocal transfers. All contributions are considered to be available for general use unless specifically restricted by the donor. Unconditional contributions are recognized as support when received or pledged, if applicable.

Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of such assets. When a restriction expires, 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 statement of activities as net assets released from restrictions. The Organization's policy is to present net assets with donor restrictions received during the year whose restrictions are also met during the current year with net assets without donor restrictions. Contributions received that are contingent on the occurrence of a future event are deferred until the condition is substantially met, at which time they are recognized as support.

Ticket sales for special events are generally recognized as revenue when the special event takes place. The portion of advance ticket sales that represents the fair value of direct donor benefits for special events that do not take place until the next fiscal year are recorded as a liability (deferred revenue). The portion of advance ticket sales that represents the donor's contribution may be recognized when the ticket is sold or when the event occurs, depending on management's assessment of the likelihood that the event will take place.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Donated Goods and Services

The Organization records the value of donated goods when there is an objective basis available to measure their value. The Organization records the value of donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. Donated goods and services are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. For the years ended June 30, 2019 and 2018, \$41,100 and \$39,000, respectively, has been recognized as revenue in the financial statements for donated advertising services; \$50,336 and \$38,074, respectively, has been recognized for various donated gifts, which consist primarily of tickets to events; and \$11,616 and \$9,724, respectively, has been recognized for food donated to the participants of the Foster Grandparents Program.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial instruments held by the Foundation. ASC 825, *Financial Instruments*, defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows:

- Level 1 – Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

- Level 3 – Inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The Organization’s assets that are measured at fair value on a recurring basis as of June 30, 2019 and 2018 consist of mutual funds, equities, and ETF’s, which are classified as investments and are considered Level 1 in the fair value hierarchy.

Investments in mutual funds and equities are valued using market prices in active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. There has been no change in this valuation method from the prior year.

The preceding method 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 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 financial instruments could result in a different fair value measurement at the reporting date.

3. Reserve Fund

The Board of Directors has designated \$152,844 and \$115,188 as of June 30, 2019 and 2018, respectively, as a reserve fund to support the mission of the Organization. The fund is comprised of contributions without donor restrictions received by the Organization, the total of which is held in investment and money market accounts. The reserve fund is included as part of net assets without donor restrictions. The Board approves all investment and spending decisions involving the fund. Changes in the reserve fund for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Reserve fund, beginning of year	\$ 115,188	\$ 55,077
Investment gain, net of fees	12,656	4,757
Contributions	25,000	55,354
Reserve fund, end of year	\$ 152,844	\$ 115,188

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

4. Investments

Investments as of June 30, 2019 are summarized as follows:

	Cost	Fair Value	Unrealized (Loss) Gain
Mutual funds	\$ 102,642	\$ 106,635	\$ 3,993
Equities	28,876	32,134	3,258
ETFs	4,251	4,693	442
Total	<u>\$ 135,769</u>	<u>\$ 143,462</u>	<u>\$ 7,693</u>

The following schedule summarizes the investment return for the year ended June 30, 2019:

Interest and dividends	\$ 3,626
Unrealized and realized gain	10,484
Investment fees	(1,454)
	<u>\$ 12,656</u>

Investments as of June 30, 2018 are summarized as follows:

	Cost	Fair Value	Unrealized (Loss) Gain
Mutual funds	\$ 27,724	\$ 27,470	\$ (254)
Equities	29,327	33,725	4,398
Total	<u>\$ 57,051</u>	<u>\$ 61,195</u>	<u>\$ 4,144</u>

The following schedule summarizes the investment return for the year ended June 30, 2018:

Interest and dividends	\$ 1,120
Unrealized and realized gain	4,660
Investment fees	(1,023)
	<u>\$ 4,757</u>

5. Receivables

Unconditional promises to give (contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Discount rates of 1.71% and 2.63% (based on the three year Treasury bill rates of return) were used for the fiscal years ended June 30, 2019 and 2018, respectively.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

5. Receivables (continued)

Included in contributions receivable are the following unconditional promises to give:

	2019	2018
Contributions	\$ 317,046	\$ 356,741
Grants and contracts	126,289	91,261
HartSprings Foundation, Inc. (see Note 9)	8,470	5,638
Other receivables	6,132	6,830
Total	<u>457,937</u>	<u>460,470</u>
Less: discount to present value	(5,911)	(11,421)
Less: allowance for doubtful accounts	(3,600)	(3,600)
Net contributions receivable	<u>\$ 448,426</u>	<u>\$ 445,449</u>

Amounts due in:

Less than one year	\$ 323,837	\$ 283,070
One to five years	134,100	177,400
	<u>\$ 457,937</u>	<u>\$ 460,470</u>

As of June 30, 2019, amounts receivable for the Foster Grandparents Program represented approximately 15% of total gross receivables and a grant receivable from an individual donor was approximately 11% of total gross receivables. As of June 30, 2018, a pledge receivable from one individual donor was approximately 14% of total gross receivables.

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	2019	2018
Leasehold improvements	\$ 18,950	\$ 18,950
Furniture and fixtures	23,080	23,080
Computers and software	124,819	124,819
	<u>166,849</u>	<u>166,849</u>
Less: accumulated depreciation	(149,953)	(139,378)
Total property and equipment, net	<u>\$ 16,896</u>	<u>\$ 27,471</u>

Depreciation expense related to property and equipment was \$10,575 and \$9,900 for the years ended June 30, 2019 and 2018, respectively.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

7. Line of Credit

The Organization entered into a Line of Credit Agreement with an unrelated third-party that allows borrowings of up to \$75,000 as of June 30, 2019 and 2018. Interest is payable monthly on amounts outstanding at a rate of 4% per annum, payable in arrears. The line of credit is due in full by May 30, 2020 unless extended by the lender. There are no borrowings outstanding under the line of credit at June 30, 2019 or 2018.

8. United Way Allocations

The following is a schedule of support from the various United Way contributing agencies:

	June 30,	
	2019	2018
United Way of Central & Northeastern CT	\$ 52,000	\$ 104,000
United Way of West Central Connecticut	3,504	3,420
United Way of Northwest Connecticut, Inc.	3,990	3,613
United Way of Southington	2,522	1,800
United Way of Naugatuck and Beacon Falls, Inc.	1,264	2,000
United Way of Meriden and Wallingford	3,000	2,500
United Way of Greater Waterbury	14,000	14,000
United Way of Middlesex	-	294
Total	\$ 80,280	\$ 131,627

9. HartSprings Foundation, Inc.

HartSprings Foundation, Inc. (HartSprings) is a nonprofit organization co-founded in 1997 with Big Brothers Big Sisters of Hampden County, Inc. and currently is controlled and operated by Big Brothers Big Sisters of Hampden County, Inc. HartSprings solicits and collects donations of clothing, which are then sold to an unrelated company. The Organization has an agreement through January 2021 to allow HartSprings to solicit donations in Hartford, Tolland, Windham, Middlesex, and upper New Haven Counties in Connecticut under the Organization's name in exchange for a fixed dollar amount per pound of clothing collected. For the years ended June 30, 2019 and 2018, Nutmeg Big Brothers Big Sisters, Inc. earned \$74,545 and \$68,204, respectively, from HartSprings under the agreement.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

10. Special Events

The Organization holds several special events during the year, including Bowl for Kids, the Annual Golf Tournament, and the Annual Gala. Special event revenues are shown net of related expenses in the accompanying Statements of Activities and Changes in Net Assets. Gross special events revenue and expenses for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Gross revenue	\$ 310,769	\$ 363,462
Less: costs of direct benefits to donors	(75,895)	(144,102)
Special events revenue, net	\$ 234,874	\$ 219,360

11. Income Taxes

The Organization has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. The Organization files Form 990, *Return of Organization Exempt from Income Tax*, which is generally exempt from examination by the IRS for years prior to June 30, 2016.

12. Commitments and Contingencies

Operating Lease

The Organization has a lease for office space in Hartford, Connecticut through December 2022 (Note 19) that requires a monthly lease payment of \$4,519 plus certain charges for maintenance and storage. Rent expense for the years ended June 30, 2019 and 2018 was \$60,128 and \$59,028, respectively.

Future minimum rental payments under non-cancelable operating leases are as follows for the year ended June 30:

2020	\$	54,228
2021		54,228
2022		54,228
2023		27,114
Total	\$	189,798

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

12. Commitments and Contingencies (continued)

Consulting Contract

The Organization has entered into an agreement with an unrelated third party to provide a mentoring program using social networking software. The agreement is effective through June 30, 2020, and requires annual fees of \$60,000 for the years ended June 30, 2019 and 2020. Expenses under the agreement for the years ended June 30, 2019 and 2018 were \$60,000 and \$20,000, respectively. The agreement can be cancelled and the Organization will not owe any additional fees if they are unable to secure a grant covering the cost of these services.

13. Information about Liquidity

The operations and programs of the Organization are primarily funded through contributions, grants and special events. The revenues allow the Organization to provide mission-related services while maintaining a positive working capital position. Should the Organization require additional funds to support operations, the Board of Directors has established a reserve fund to support the mission of the Organization. The balance in the fund at June 30, 2019 was \$152,844 (Note 3). In addition, in the event of an unanticipated liquidity need, the Organization maintains a line of credit which allows borrowings up to \$75,000 that has no amounts outstanding at June 30, 2019 (Note 7).

14. Availability of Financial Assets

The following reflects the Organization's financial assets as of the financial position date, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor imposed restrictions or internal designations.

	2019
Financial assets:	
Cash	\$ 141,799
Accounts receivable	448,426
Investments	143,462
	733,687
Less:	
Receivables scheduled to be collected in more than 1 year	128,189
Board designated funds *	152,844
Funds subject to donor restrictions	119,196
	400,229
Total financial assets available within one year	\$ 333,458

* Board designated funds are available for use by management upon written approval of Board Treasurer or Board Chair.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

15. Affiliate Transactions

The Organization is a local affiliate of Big Brothers Big Sisters of America, Inc. (the national affiliate). The Organization pays membership dues and fees for use of the national affiliate's software. Amounts paid to the national affiliate totaled \$20,164 and \$14,794 for the years ending June 30, 2019 and 2018, respectively.

The Organization entered into an agreement through January 31, 2020 with Big Brothers Big Sisters of Massachusetts Bay (BBBSMB), who is also a local affiliate of the national affiliate. BBBSMB provides consulting services related to aspects of its major donor development plan. The Organization makes payments of \$10,000 to BBBSMB every six months in exchange for these services. The agreement may be terminated by either party at the end of any month, with two weeks notice. The Organization incurred expenses of \$17,917 and \$8,333 for the years ended June 30, 2019 and 2018, respectively, related to the BBBSMB agreement.

16. Concentration of Support and Revenue

The Organization receives a significant amount of support from the U.S. Federal Government for the Foster Grandparents Program in the form of grants. For the years ended June 30, 2019 and 2018, this support was approximately 26% and 20% of total revenues, respectively. A significant reduction in the level of this support could have a material effect on the Organization's ability to continue the Foster Grandparents Program and related activities.

17. Employee Benefit Plan

The Organization has a defined contribution plan covering all eligible employees. Beginning during the year ended June 30, 2018, the Organization is required to make a matching contribution in the amount of \$0.50 per dollar for the first 2% invested in the Plan. Total employer matching contribution expense for the years ended June 30, 2019 and 2018 was \$4,757 and \$3,325, respectively.

18. Litigation

The Organization periodically is subject to claims that arise in the ordinary course of operations. It is the opinion of management that the disposition or ultimate resolution of such claims will not have a material adverse effect on the financial position of the Organization.

Nutmeg Big Brothers Big Sisters, Inc.
Notes to Financial Statements (continued)

19. Subsequent Events

The Organization has evaluated events occurring between June 30, 2019 and November 18, 2019, the date the financial statements were available to be issued.

During September 2019, the Organization extended its lease for office space in Hartford by an additional three years. The monthly lease amount remains \$4,519.