

**BIG BROTHERS/BIG SISTERS OF
KENTUCKIANA, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Brothers/Big Sisters of Kentuckiana, Inc.
Louisville, Kentucky

We have audited the accompanying statements of financial position of Big Brothers/Big Sisters of Kentuckiana, Inc. (a not-for-profit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Big Brothers/Big Sisters of Kentuckiana, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audits provide a reasonable basis for our 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 Kentuckiana, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
September 17, 2010

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Cash	\$ 460,088	\$ 882,668
Investments	390,305	397,947
Metro United Way receivable	406,910	422,949
Grants and other receivables	45,951	54,895
Pledges receivable, less allowance for doubtful pledges of \$25,802 in 2010 and \$41,097 in 2009	429,812	608,651
Prepaid expenses	33,254	45,121
Property and equipment, net	<u>1,427,170</u>	<u>1,395,211</u>
Total assets	<u>\$ 3,193,490</u>	<u>\$ 3,807,442</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 8,024	\$ 55,460
Construction payable		80,781
Accrued expenses	126,703	135,417
Capitalized lease obligation	16,516	20,539
Note payable	<u>427,200</u>	<u>664,800</u>
Total liabilities	<u>578,443</u>	<u>956,997</u>
NET ASSETS		
Unrestricted		
Board designated for operating expenses	145,000	145,000
Undesignated	<u>1,386,636</u>	<u>1,517,871</u>
	1,531,636	1,662,871
Temporarily restricted	<u>1,083,411</u>	<u>1,187,574</u>
Total net assets	<u>2,615,047</u>	<u>2,850,445</u>
Total liabilities and net assets	<u>\$ 3,193,490</u>	<u>\$ 3,807,442</u>

See Notes to Financial Statements.

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2010 and 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Metro United Way	\$ 9,255	\$ 406,910	\$ 416,165
Government and other grants		489,842	489,842
Contributions	102,320	45,413	147,733
Special events, net of the cost of direct benefits to donors	241,096	384,210	625,306
Investment income	24,336		24,336
Gifts in kind	76,343		76,343
Miscellaneous income	1,575		1,575
Loss on disposal of assets	(3,693)		(3,693)
Unrealized gain on investments	13,255		13,255
Realized loss on investments	(14,831)		(14,831)
Rental loss, net	(20,421)		(20,421)
	429,235	1,326,375	1,755,610
Net assets released from restrictions	1,430,538	(1,430,538)	
Total revenues and support	1,859,773	(104,163)	1,755,610
Expenses:			
Program	1,487,716		1,487,716
Management and general	222,499		222,499
Fund-raising	280,793		280,793
	1,991,008		1,991,008
Net increase (decrease) in total net assets	(131,235)	(104,163)	(235,398)
Net assets at beginning of year	1,662,871	1,187,574	2,850,445
Net assets at end of year	\$ 1,531,636	\$ 1,083,411	\$ 2,615,047

See Notes to Financial Statements.

2009

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 34,257	\$ 436,749	\$ 471,006
	409,442	409,442
75,216	222,915	298,131
231,229	352,311	583,540
47,212		47,212
73,573		73,573
23,403		23,403
4,921		4,921
(13,547)		(13,547)
(448)		(448)
475,816	1,421,417	1,897,233
<u>2,028,487</u>	<u>(2,028,487)</u>	
<u>2,504,303</u>	<u>(607,070)</u>	<u>1,897,233</u>
1,563,992		1,563,992
232,221		232,221
272,047		272,047
<u>2,068,260</u>		<u>2,068,260</u>
436,043	(607,070)	(171,027)
<u>1,226,828</u>	<u>1,794,644</u>	<u>3,021,472</u>
<u>\$ 1,662,871</u>	<u>\$ 1,187,574</u>	<u>\$ 2,850,445</u>

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2010 and 2009

	2010				
	Program Expenses	Management & General Expenses	Fund-raising		Total
			Bowl for Kids Sake	Other Fund-raising	
Salaries	\$ 924,728	\$ 175,046	\$ 29,721	\$ 89,411	\$ 1,218,906
Employee benefits	131,208	6,080	428	2,695	140,411
Payroll taxes	71,754	13,020	1,374	6,780	92,928
Occupancy	21,343	1,985		1,489	24,817
Insurance	38,694	1,222		815	40,731
Event rentals			16,506		16,506
Postage and shipping	12,864	406	2,445	271	15,986
Professional fees	301	10,000		2,130	12,431
Printing	4,982	157	590	105	5,834
National dues	12,246	544		816	13,606
Equipment rental and maintenance	33,825	1,068		712	35,605
Telephone	16,283	514		343	17,140
Staff training	5,355	169		113	5,637
Office supplies	6,624	209	296	139	7,268
Travel	24,682	252	3,001	252	28,187
Advertising	1,538	49	6,127	32	7,746
Conferences and meetings	1,572	50	1,506	33	3,161
Memberships and dues	2,806	89		59	2,954
Volunteer appreciation	972	10		10	992
Miscellaneous	49,892	27	6,054		55,973
Interest	24,238	2,255		1,691	28,184
Special events				8,401	8,401
Provision for uncollectible pledges		3,198			3,198
Gifts in kind	54,074	1,708	91,980	1,138	148,900
Depreciation and amortization	47,735	4,441		3,330	55,506
Total expenses	\$ 1,487,716	\$ 222,499	\$ 160,028	\$ 120,765	\$ 1,991,008

See Notes to Financial Statements.

2009

Program Expenses	Management & General Expenses	Fund-raising		Total
		Bowl for Kids Sake	Other Fund-raising	
\$ 995,815	\$ 178,082	\$ 28,324	\$ 85,365	\$ 1,287,586
130,303	10,079	895	4,723	146,000
68,274	13,078	2,045	6,340	89,737
20,842	1,939		1,454	24,235
33,463	1,057		705	35,225
		16,561		16,561
10,731	339	2,592	226	13,888
	9,000	3,350	6,386	18,736
7,630	241	1,168	161	9,200
13,769	612		918	15,299
31,431	993		662	33,086
18,189	574		383	19,146
10,540	333		222	11,095
6,995	221	214	147	7,577
32,102	328	2,058	328	34,816
5,933	187	6,062	125	12,307
2,046	65	921	43	3,075
3,852	122		81	4,055
1,138	12		12	1,162
48,850	143	2,656	143	51,792
32,854	3,056		2,292	38,202
	7,580			7,580
67,054	2,117	91,526	1,412	162,109
22,181	2,063		1,547	25,791
<u>\$ 1,563,992</u>	<u>\$ 232,221</u>	<u>\$ 158,372</u>	<u>\$ 113,675</u>	<u>\$ 2,068,260</u>

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from contributions and grants	\$ 1,127,575	\$ 1,256,808
Cash received from special events	564,455	534,554
Cash received from miscellaneous activities	1,575	57,372
Investment income received	23,771	47,212
Interest paid	(42,196)	(55,501)
Cash paid to suppliers and employees	<u>(1,836,918)</u>	<u>(1,819,668)</u>
Net cash (used in) provided by operating activities	<u>(161,738)</u>	<u>20,777</u>
Cash flows from investing activities:		
Purchases of property and equipment	(159,035)	(345,227)
Purchase of investments	(146,169)	(27,681)
Proceeds from sale of investments	<u>152,235</u>	<u>5,619</u>
Net cash used in investing activities	<u>(152,969)</u>	<u>(367,289)</u>
Cash flows from financing activities:		
Principal payments under capitalized lease obligation	(4,023)	(2,610)
Principal payments on note payable	(237,600)	(237,600)
Contributions restricted for investment in new facility	<u>133,750</u>	<u>261,667</u>
Net cash (used in) provided by financing activities	<u>(107,873)</u>	<u>21,457</u>
Net decrease in cash	(422,580)	(325,055)
Cash at beginning of year	<u>882,668</u>	<u>1,207,723</u>
Cash at end of year	<u>\$ 460,088</u>	<u>\$ 882,668</u>

See Notes to Financial Statements.

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF NET DECREASE IN TOTAL NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Net decrease in total net assets	\$ (235,398)	\$ (171,027)
Adjustments to reconcile net decrease in total net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	62,025	32,343
Change in allowance for uncollectible pledges	(15,295)	(5,129)
Change in discount on pledges receivable	(37,146)	(62,577)
Contributions restricted for investment in new facility	(133,750)	(261,667)
Donated equipment and stock included in contributions	(19,423)	(6,299)
Loss on disposal of assets	3,693	
Unrealized gain on investments	(13,255)	(4,921)
Realized loss on investments	14,831	13,547
Changes in assets and liabilities:		
(Increase) decrease in:		
Metro United Way receivable	16,039	14,876
Grants and other receivables	8,944	28,727
Pledges receivable	231,280	365,169
Prepaid expenses	11,867	(2,622)
Increase (decrease) in:		
Accounts payable	(47,436)	475
Accrued expenses	(8,714)	79,882
Total adjustments	<u>73,660</u>	<u>191,804</u>
Net cash (used in) provided by operating activities	<u>\$ (161,738)</u>	<u>\$ 20,777</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING
AND FINANCING TRANSACTIONS:**

Equipment acquired through capital lease obligation	<u>\$ 22,800</u>
Accounts payable incurred to acquire property and equipment	<u>\$ 113,245</u>

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations:

Big Brothers/Big Sisters of Kentuckiana, Inc. (“Organization”) is a not-for-profit organization formed to help children reach their potential through professionally supported, one-to-one relationships with measurable impact through successful mentoring relationships for all children who need and want them, contributing to better schools, stronger communities, and brighter futures. The Organization serves the Louisville, Kentucky metropolitan area and surrounding counties, including three Southern Indiana counties.

Summary of Significant accounting policies:

This summary of significant accounting policies of Big Brothers/Big Sisters of Kentuckiana, Inc. is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Cash and cash equivalents:

For purposes of the statements of cash flows, the Organization considers only unrestricted cash and investments with original maturities of three months or less to be cash and cash equivalents. Substantially all of the cash balance at June 30, 2010, which was generated through Bowl for Kids Sake, is necessary for funding operations through December 31, 2010.

Receivables:

The valuation of receivables is based upon a detailed analysis of past due accounts and the history of uncollectible accounts. Estimated uncollectible pledges and other receivables increase the allowance for doubtful accounts and when the receivables are written off, the allowance for doubtful accounts is decreased. The Organization periodically reviews doubtful pledges and other receivables to determine if write offs are necessary.

NOTES TO FINANCIAL STATEMENTS

Investments:

Investments are recorded at fair market value. See Note 2 for disclosure of fair value measurements.

Property and equipment:

Land, building, furniture and equipment are recorded at cost if purchased or fair market value if received by gift. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Acquisitions in excess of \$500 are capitalized. Amortization expense from capital leases is included with depreciation expense. Depreciation expense for the years ended June 30, 2010 and 2009, was \$62,025 and \$32,343, respectively.

Contributions and gifts in kind:

Contributions other than cash are recorded at fair market value as of the date of donation. Contributed services must meet the specific expertise requirements and would normally have been purchased before they are recorded. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. When a donor's temporary restriction expires, those net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unpaid volunteers have made significant contributions of their time and services in assisting the Organization in its daily operations. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Functional allocation of expenses:

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

NOTES TO FINANCIAL STATEMENTS

Income taxes:

The Organization is exempt from federal, Kentucky, and local income taxes as a not-for-profit organization as described under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as an unrelated business income.

On July 1, 2009, the Organization adopted new guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions in an organization's financial statements. Income tax positions must meet a more-likely-than-not-recognition threshold to be recognized. The adoption of this guidance did not have an effect on the Organization's financial position and results of operations.

As of June 30, 2010 and 2009, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended. Tax years still open under federal and state statute of limitations remain subject to review and change.

Advertising expenses:

The Organization expenses advertising costs as incurred.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification:

Certain 2009 amounts have been reclassified to conform with the 2010 financial statement presentation. Total net assets and changes in net assets are unchanged due to these reclassifications.

NOTES TO FINANCIAL STATEMENTS

Subsequent events:

Subsequent events have been evaluated through September 17, 2010 which is the date the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on significant unobservable inputs.

Investments at June 30, 2010 and 2009 consisted of the following (all Level 1 measurements):

	2010	
	Cost	Fair Market Value
Corporate bonds	\$ 39,061	\$ 43,303
Money market fund	30,949	30,949
Certificates of deposit	<u>310,852</u>	<u>316,053</u>
Total investments	<u>\$380,862</u>	<u>\$390,305</u>
	2009	
	Cost	Fair Market Value
Mortgage-backed securities:		
Federal Home Loan Mortgage Corp.	\$ 21,007	\$ 13,591
Corporate bonds	19,391	18,924
Money market fund	17,143	17,143
Certificates of deposit	<u>344,218</u>	<u>348,289</u>
Total investments	<u>\$401,759</u>	<u>\$397,947</u>

NOTES TO FINANCIAL STATEMENTS

The Organization has investments in corporate bonds, a money market fund and certificates of deposits that are held by an investment manager engaged by the Organization and are subject to concentrations of credit risk. Investments are made by the investment manager and monitored by the Board of Directors through the Finance Committee. Though the market value of the investments is subject to fluctuations on a year to year basis, management believes the investment policy is prudent for the long term welfare of the Organization.

Note 3. Grants and Other Receivables

The Organization has been notified by various foundations and other organizations that it was the recipient of various grants. These funds totaled \$43,649 and \$53,502, respectively as of June 30, 2010 and 2009. These funds are included in grants and other receivables on the statement of financial position.

Note 4. Pledges Receivable

The Organization has pledges receivable related to the capital campaign (see Note 13), special events and other contributions. Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using an average discount rate of 6.625% at June 30, 2010 and 2009, respectively.

Total pledges receivable as of June 30, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Pledges receivable	\$496,859	\$728,139
Less allowance for uncollectible pledges	(25,802)	(41,097)
Less unamortized discount	<u>(41,245)</u>	<u>(78,391)</u>
Net pledges receivable	<u>\$429,812</u>	<u>\$608,651</u>
Amount due in:		
Less than one year	\$338,299	\$403,549
One to five years	<u>158,560</u>	<u>324,590</u>
	<u>\$496,859</u>	<u>\$728,139</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Land	\$ 131,600	\$ 131,600
Building and improvements	1,262,390	810,000
Furniture and fixtures	71,272	76,622
Equipment	116,102	89,505
Construction in progress on building improvements	<u> </u>	<u>394,731</u>
	1,581,364	1,502,458
Less accumulated depreciation and amortization	<u>(154,194)</u>	<u>(107,247)</u>
	<u>\$1,427,170</u>	<u>\$1,395,211</u>

Note 6. Capital Lease Obligation

The Organization leases equipment under capital leases. The economic substance of these leases is that the Organization is financing the acquisition of these assets through the lease and, accordingly, the lease is recorded in the Organization's assets and liabilities.

The following is a summary of leased assets included in property and equipment:

	<u>2010</u>	<u>2009</u>
Equipment	\$22,800	\$22,800
Accumulated amortization	<u>(6,324)</u>	<u>(1,764)</u>
	<u>\$16,476</u>	<u>\$21,036</u>

Future minimum lease payments under the capital leases are as follows:

Years ending June 30,	2011	\$ 5,910
	2012	5,812
	2013	4,730
	2014	<u>2,365</u>
		18,817
Less amount representing interest		<u>2,301</u>
Net minimum lease payments		<u>\$16,516</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Note Payable

At June 30, 2010 and 2009, the note payable consisted of the following:

	<u>2010</u>	<u>2009</u>
Real estate loan with a fixed interest rate of 6.625%, maturing on March 5, 2012 with principal payments of \$37,600 due annually and interest payments due monthly. Loan is collateralized by a first mortgage on the property and an assignment of pledges receivable from the ongoing capital campaign.	<u>\$427,200</u>	<u>\$664,800</u>

Maturities on the note payable are as follows:

Years ending June 30, 2011	\$ 37,600
2012	<u>389,600</u>
	<u>\$427,200</u>

Note 8. Operating Leases

The Organization leases office space and equipment under operating leases expiring September 30, 2010 through 2014. In addition, the Organization leases additional office space on a month to month basis. Rent expense was \$19,577 and \$20,758 for the years ended June 30, 2010 and 2009, respectively.

Future minimum lease payments under these leases at June 30, 2010 are as follows:

Year ending June 30, 2011	\$ 9,615
2012	7,139
2013	887
2014	<u>222</u>
	<u>\$17,863</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Rental Loss

The Organization leased a portion of its building in Louisville to an unrelated third party until February 28, 2009. Subsequently, the Organization held a portion of its building as available for rent with no tenant. Net rental loss for the years ended June 30, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Gross rental income		\$34,000
Less: Depreciation expense	\$ (6,519)	(6,552)
Interest expense	(12,196)	(17,300)
Other rental expenses	<u>(1,706)</u>	<u>(10,596)</u>
	<u>\$(20,421)</u>	<u>\$ (448)</u>

Note 10. Retirement Plan

The Organization has a 401(k) retirement plan (Plan) which covers employees who work a minimum of 20 hours per week. After one year of service, the Organization matches employee contributions to the plan up to a maximum of 3% of the employee's compensation. The Plan allows for an employer discretionary profit sharing contribution. The Organization made a discretionary contribution equal to 3% of the employee's compensation for the year ended June 30, 2009 and for the quarter ending September 30, 2009. Total contributions made by the Organization to the plan were \$34,496 and \$55,472 for the years ended June 30, 2010 and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 11. Changes in Temporarily Restricted Net Assets

Changes in temporarily restricted net assets are as follows:

<u>Purpose</u>	<u>Balance 6-30-09</u>	<u>Contributions and Grants</u>	<u>Released from Restrictions</u>	<u>Balance 6-30-10</u>
Volunteer programs	\$ 785,238	\$1,280,962	\$(1,260,904)	\$ 805,296
Capital campaign (program and capital expenditures)	<u>402,336</u>	<u>45,413</u>	<u>(169,634)</u>	<u>278,115</u>
	<u>\$1,187,574</u>	<u>\$1,326,375</u>	<u>\$(1,430,538)</u>	<u>\$1,083,411</u>
<u>Purpose</u>	<u>Balance 6-30-08</u>	<u>Contributions and Grants</u>	<u>Released from Restrictions</u>	<u>Balance 6-30-09</u>
Volunteer programs	\$ 852,262	\$1,198,502	\$(1,265,526)	\$ 785,238
Capital campaign (program and capital expenditures)	940,127	222,915	(760,706)	402,336
Tuition	<u>2,255</u>	<u> </u>	<u>(2,255)</u>	<u> </u>
	<u>\$1,794,644</u>	<u>\$1,421,417</u>	<u>\$(2,028,487)</u>	<u>\$1,187,574</u>

Note 12. Special Events

Special events consisted of the following for the years ended June 30, 2010 and 2009:

	<u>2010</u>			
	<u>Gross Revenue</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Expenses</u>	<u>Net Revenue</u>
Bowl for Kids Sake	\$554,076	\$(29,868)	\$(160,028)	\$364,180
Arby's Charity Tour	53,427			53,427
Other events	<u>48,932</u>	<u>(1,261)</u>	<u> </u>	<u>47,671</u>
	<u>\$656,435</u>	<u>\$(31,129)</u>	<u>\$(160,028)</u>	<u>\$465,278</u>
	<u>2009</u>			
	<u>Gross Revenue</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Expenses</u>	<u>Net Revenue</u>
Bowl for Kids Sake	\$540,030	\$(36,671)	\$(158,372)	\$344,987
Arby's Charity Tour	59,609			59,609
Other events	<u>26,441</u>	<u>(5,869)</u>	<u> </u>	<u>20,572</u>
	<u>\$626,080</u>	<u>\$(42,540)</u>	<u>\$(158,372)</u>	<u>\$425,168</u>

NOTES TO FINANCIAL STATEMENTS

Note 13. Capital Campaign

In August 2006, the Organization embarked upon a capital campaign with a goal of raising approximately \$3 million. The campaign is to raise money for major initiatives including purchasing a building, renovating and enhancing the property and for program support and expansion. The total amount of capital campaign contributions received as of June 30, 2010 was approximately \$2.5 million.

Note 14. Contributed Services

In accordance with accounting principles generally accepted in the United States of America, those donated services which require specific expertise and would normally have been purchased, and donated services which created or enhanced nonfinancial assets, are required to be reflected in the financial statements. Accordingly, legal and marketing services in the amount of \$26,491 and \$28,857, respectively, were recorded as revenue and expense in the June 30, 2010 and 2009 financial statements.

Note 15. Concentration of Credit Risk

The Organization maintains its cash accounts at several financial institutions located in Kentucky. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization's uninsured cash balances totaled approximately \$217,000 at June 30, 2010.

Note 16. Change in Accounting Estimate

As a result of a change in the Organization's leave policy effective July 1, 2009, the Organization changed its estimate and accrued approximately \$80,000 of accumulated sick time at June 30, 2009.



INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Big Brothers/Big Sisters of Kentuckiana, Inc.
Louisville, Kentucky

Our report on the audits of the financial statements of Big Brothers/Big Sisters of Kentuckiana, Inc. as of June 30, 2010 and 2009, and for the years then ended, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 17 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
September 17, 2010

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

SCHEDULES OF FINANCIAL POSITION BY LOCATION

June 30, 2010

ASSETS	Louisville	Oldham	Shelby	Hardin	Harrison	Nelson	Marion	Grayson	Eliminations	Total
	County	County	County	County	County	County	County	County		
Cash	\$ 200,277	\$ 50,161	\$ 27,865	\$ 92,963	\$ 29,545	\$ 47,565	\$ 11,712		\$	\$ 460,088
Investments	390,305									390,305
Metro United Way receivable	304,730	27,277	13,403	45,000	8,125	4,375	4,000			406,910
Grants and other receivables	25,341			6,500	14,110					45,951
Pledges receivable	429,262		550							429,812
Prepaid expenses	31,363			1,241			350	\$ 300		33,254
Property and equipment, net	1,421,107	837	837	2,715	1,674					1,427,170
Due from other locations	150,550								\$ (150,550)	
Total assets	<u>\$ 2,952,935</u>	<u>\$ 78,275</u>	<u>\$ 42,655</u>	<u>\$ 148,419</u>	<u>\$ 53,454</u>	<u>\$ 51,940</u>	<u>\$ 16,062</u>	<u>\$ 300</u>	<u>\$ (150,550)</u>	<u>\$ 3,193,490</u>
LIABILITIES AND NET ASSETS										
LIABILITIES										
Accounts payable	\$ 5,848	\$ 28	\$ 115	\$ 491	\$ 1,542	\$	\$	\$	\$	\$ 8,024
Accrued expenses	107,147	3,349	3,016	10,902	1,863	142	142	142		126,703
Capitalized lease obligation	14,615			1,901						16,516
Note payable	427,200									427,200
Due to other locations		28,647	999	82,561	17,472	5,244	5,614	10,013	\$ (150,550)	
Total liabilities	554,810	32,024	4,130	95,855	20,877	5,386	5,756	10,155	(150,550)	578,443
NET ASSETS	<u>2,398,125</u>	<u>46,251</u>	<u>38,525</u>	<u>52,564</u>	<u>32,577</u>	<u>46,554</u>	<u>10,306</u>	<u>(9,855)</u>		<u>2,615,047</u>
Total liabilities and net assets	<u>\$ 2,952,935</u>	<u>\$ 78,275</u>	<u>\$ 42,655</u>	<u>\$ 148,419</u>	<u>\$ 53,454</u>	<u>\$ 51,940</u>	<u>\$ 16,062</u>	<u>\$ 300</u>	<u>\$ (150,550)</u>	<u>\$ 3,193,490</u>

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

SCHEDULES OF FINANCIAL POSITION BY LOCATION

June 30, 2009

ASSETS	Louisville	Oldham County	Shelby County	Hardin County	Harrison County	Nelson County	Marion County	Eliminations	Total
	Cash	\$ 668,551	\$ 41,898	\$ 33,374	\$ 48,131	\$ 29,609	\$ 46,356	\$ 14,749	
Investments	397,947								397,947
Metro United Way receivable	322,397	28,619	15,019	38,250	11,164	3,500	4,000		422,949
Grants and other receivables	46,077		600	2,833	4,446	939			54,895
Pledges receivable	608,076		575						608,651
Prepaid expenses	43,471	175		1,365			110		45,121
Property and equipment, net	1,389,234	1,116		2,629	2,232				1,395,211
Due from other locations	<u>76,703</u>		<u>5,158</u>					<u>\$ (81,861)</u>	
Total assets	<u>\$ 3,552,456</u>	<u>\$ 71,808</u>	<u>\$ 54,726</u>	<u>\$ 93,208</u>	<u>\$ 47,451</u>	<u>\$ 50,795</u>	<u>\$ 18,859</u>	<u>\$ (81,861)</u>	<u>\$ 3,807,442</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 52,805	\$ 555	\$ 97	\$ 808	\$ 1,195				\$ 55,460
Construction payable	80,781								80,781
Accrued expenses	118,811	2,868	2,867	9,046	707	\$ 647	\$ 471		135,417
Capitalized lease obligation	19,400			1,139					20,539
Note payable	664,800								664,800
Due to other locations		<u>15,243</u>		<u>49,851</u>	<u>7,700</u>	<u>4,148</u>	<u>4,919</u>	<u>\$ (81,861)</u>	
Total liabilities	<u>936,597</u>	<u>18,666</u>	<u>2,964</u>	<u>60,844</u>	<u>9,602</u>	<u>4,795</u>	<u>5,390</u>	<u>(81,861)</u>	<u>956,997</u>
NET ASSETS	<u>2,615,859</u>	<u>53,142</u>	<u>51,762</u>	<u>32,364</u>	<u>37,849</u>	<u>46,000</u>	<u>13,469</u>		<u>2,850,445</u>
Total liabilities and net assets	<u>\$ 3,552,456</u>	<u>\$ 71,808</u>	<u>\$ 54,726</u>	<u>\$ 93,208</u>	<u>\$ 47,451</u>	<u>\$ 50,795</u>	<u>\$ 18,859</u>	<u>\$ (81,861)</u>	<u>\$ 3,807,442</u>

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

SCHEDULES OF ACTIVITIES BY LOCATION

Year Ended June 30, 2010

	Louisville	Oldham County	Shelby County	Hardin County	Harrison County	Nelson County	Marion County	Grayson County	Eliminations	Total
Revenues and support:										
Metro United Way	\$ 309,794	\$ 27,277	\$ 13,515	\$ 49,624	\$ 8,455	\$ 3,500	\$ 4,000	\$ 10,000		\$ 416,165
Government and other grants	444,517	1,500	1,000	18,900	13,925					489,842
Contributions	143,932	100	22	3,241	400		38			147,733
Special events, net:										
Bowl for Kids Sake	236,716	13,884	7,548	77,034	14,899	6,307	3,542	4,250	\$ 160,028	524,208
Other events	85,099	485	3,287	3,687	6,200	118	1,464	758		101,098
Investment income	24,336									24,336
Gifts in kind	76,343									76,343
Miscellaneous income	1,475			100						1,575
Loss on disposal of assets	(3,693)									(3,693)
Unrealized gain on investments	13,255									13,255
Realized loss on investments	(14,831)									(14,831)
Rental loss, net	(20,421)									(20,421)
Branch dues	24,055			1,444					(25,499)	
Total revenues and support	\$ 1,320,577	\$ 43,246	\$ 25,372	\$ 154,030	\$ 43,879	\$ 9,925	\$ 9,044	\$ 15,008	\$ 134,529	\$ 1,755,610

	Louisville	Oldham County	Shelby County	Hardin County	Harrison County	Nelson County	Marion County	Grayson County	Eliminations	Total
Expenses:										
Salaries	\$ 985,863	\$ 31,567	\$ 27,768	\$ 79,022	\$ 32,908	\$ 6,228	\$ 6,768	\$ 19,061	\$ 29,721	\$ 1,218,906
Employee benefits	118,793	3,544	2,776	7,960	3,606	639	708	1,957	428	140,411
Payroll taxes	75,831	2,531	1,910	5,633	3,324	452	491	1,382	1,374	92,928
Occupancy	13,792	525		9,900			600			24,817
Insurance	34,835	1,098	462	2,466	940	192	586	152		40,731
Event rentals									16,506	16,506
Postage and shipping	11,847	110	70	926	315	38	197	38	2,445	15,986
Professional fees	10,769	300	197	755	238	60	56	56		12,431
Printing	4,604	14		490		19	98	19	590	5,834
National dues	10,754	438	337	1,488	353	76	85	75		13,606
Equipment rental and maintenance	34,603			1,002						35,605
Telephone	10,815	1,363	282	2,685	778	422	795			17,140
Staff training	5,637									5,637
Office supplies	5,311	154	108	942	180	38	201	38	296	7,268
Travel	12,907	3,870	2,052	3,149	1,235	307	789	877	3,001	28,187
Advertising	1,619								6,127	7,746
Conferences and meetings	1,560	9	216	66	20				1,506	3,161
Memberships and dues	1,635	687		232	184					2,954
Volunteer appreciation	207	25		733	27					992
Miscellaneous	47,908	163		1,372	423	7	39	7	6,054	55,973
Interest	27,764			420						28,184
Special events	7,634		122	194	451					8,401
Provision for uncollectible pledges	3,198									3,198
Gifts in kind	56,920								91,980	148,900
Depreciation and amortization	53,505	279	279	885	558					55,506
Branch dues		3,460	2,030	13,510	3,611	893	794	1,201	(25,499)	
Total expenses	<u>1,538,311</u>	<u>50,137</u>	<u>38,609</u>	<u>133,830</u>	<u>49,151</u>	<u>9,371</u>	<u>12,207</u>	<u>24,863</u>	<u>134,529</u>	<u>1,991,008</u>
Net increase (decrease) in total net assets	(217,734)	(6,891)	(13,237)	20,200	(5,272)	554	(3,163)	(9,855)		(235,398)
Net assets at beginning of year	<u>2,615,859</u>	<u>53,142</u>	<u>51,762</u>	<u>32,364</u>	<u>37,849</u>	<u>46,000</u>	<u>13,469</u>			<u>2,850,445</u>
Net assets at end of year	<u>\$ 2,398,125</u>	<u>\$ 46,251</u>	<u>\$ 38,525</u>	<u>\$ 52,564</u>	<u>\$ 32,577</u>	<u>\$ 46,554</u>	<u>\$ 10,306</u>	<u>\$ (9,855)</u>		<u>\$ 2,615,047</u>

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

SCHEDULES OF ACTIVITIES BY LOCATION

Year Ended June 30, 2009

	Louisville	Oldham County	Shelby County	Hardin County	Harrison County	Nelson County	Marion County	Eliminations	Total
Revenues and support:									
Metro United Way	\$ 373,471	\$ 29,323	\$ 15,380	\$ 35,937	\$ 11,395	\$ 2,750	\$ 2,750		\$ 471,006
Government and other grants	377,096	10,400	2,000	5,500	11,946	2,500			409,442
Contributions	294,369	200	1,000	265	850		1,447		298,131
Special events, net:									
Bowl for Kids Sake	204,043	18,465	16,274	81,366	16,801	6,788	1,250	\$ 158,372	503,359
Other events	63,851	876	2,885	4,524	6,248	275	1,522		80,181
Investment income	47,212								47,212
Gifts in kind	71,623	650	650		650				73,573
Miscellaneous income	23,298			105					23,403
Unrealized gain on investments	4,921								4,921
Realized loss on investments	(13,547)								(13,547)
Rental loss, net	(448)								(448)
Branch dues	23,133			833				(23,966)	
Total revenues and support	\$1,469,022	\$ 59,914	\$ 38,189	\$ 128,530	\$ 47,890	\$ 12,313	\$ 6,969	\$ 134,406	\$ 1,897,233

	Louisville	Oldham County	Shelby County	Hardin County	Harrison County	Nelson County	Marion County	Eliminations	Total
Expenses:									
Salaries	\$1,045,294	\$ 37,059	\$ 26,643	\$ 103,448	\$ 31,432	\$ 8,564	\$ 6,822	\$ 28,324	\$ 1,287,586
Employee benefits	121,090	5,004	3,199	9,774	4,442	948	648	895	146,000
Payroll taxes	72,237	2,607	1,862	7,704	2,380	622	280	2,045	89,737
Occupancy	12,204	2,100	300	9,081			550		24,235
Insurance	27,746	1,056	503	3,950	964	367	639		35,225
Event rentals								16,561	16,561
Postage and shipping	9,636	167	138	1,069	286			2,592	13,888
Professional fees	13,472	252	222	1,137	220	33	50	3,350	18,736
Printing	7,740	7	7	271	7			1,168	9,200
National dues	10,739	570	530	2,718	512	89	141		15,299
Equipment rental and maintenance	29,859			3,227					33,086
Telephone	11,841	1,715	472	2,987	931	395	805		19,146
Staff training	10,860		225		10				11,095
Office supplies	4,694	256	159	1,909	345			214	7,577
Travel	17,351	4,547	2,451	5,036	2,122	417	834	2,058	34,816
Advertising	6,186			59				6,062	12,307
Conferences and meetings	1,728	21	13	221	159	12		921	3,075
Memberships and dues	2,795	614	130	292	224				4,055
Volunteer appreciation	333	20		809					1,162
Miscellaneous	47,458	347	91	1,007	233			2,656	51,792
Interest	38,161			41					38,202
Provision for uncollectible pledges	7,580								7,580
Gifts in kind	68,633	650	650		650			91,526	162,109
Depreciation and amortization	24,863	279		91	558				25,791
Branch dues		3,709	3,055	11,493	4,043	1,108	558	(23,966)	
Total expenses	<u>1,592,500</u>	<u>60,980</u>	<u>40,650</u>	<u>166,324</u>	<u>49,518</u>	<u>12,555</u>	<u>11,327</u>	<u>134,406</u>	<u>2,068,260</u>
Net decrease in total net assets	(123,478)	(1,066)	(2,461)	(37,794)	(1,628)	(242)	(4,358)		(171,027)
Net assets at beginning of year	<u>2,739,337</u>	<u>54,208</u>	<u>54,223</u>	<u>70,158</u>	<u>39,477</u>	<u>46,242</u>	<u>17,827</u>		<u>3,021,472</u>
Net assets at end of year	<u>\$2,615,859</u>	<u>\$ 53,142</u>	<u>\$ 51,762</u>	<u>\$ 32,364</u>	<u>\$ 37,849</u>	<u>\$ 46,000</u>	<u>\$ 13,469</u>	<u>\$</u>	<u>\$ 2,850,445</u>

BIG BROTHERS/BIG SISTERS OF KENTUCKIANA, INC.

SCHEDULES OF REVENUE AND EXPENSES – BOWL FOR KIDS SAKE

Years Ended June 30, 2010 and 2009

	2010							Total	
	Louisville	Oldham County	Shelby County	Hardin County	Harrison County	Nelson County	Marion County		Grayson County
Revenue	\$ 372,929	\$ 16,466	\$ 10,351	\$ 119,187	\$ 17,935	\$ 7,762	\$ 4,020	\$ 5,426	\$ 554,076
Expenses:									
Cost of direct benefits to donors	19,279	1,071	857	6,926	1,185	355	55	140	29,868
Other expenses	116,934	1,511	1,946	35,227	1,851	1,100	423	1,036	160,028
Excess of revenue over expenses	\$ 236,716	\$ 13,884	\$ 7,548	\$ 77,034	\$ 14,899	\$ 6,307	\$ 3,542	\$ 4,250	\$ 364,180

	2009							Total
	Louisville	Oldham County	Shelby County	Hardin County	Harrison County	Nelson County	Marion County	
Revenue	\$ 346,351	\$ 21,582	\$ 19,310	\$ 121,226	\$ 19,909	\$ 9,998	\$ 1,654	\$ 540,030
Expenses:								
Cost of direct benefits to donors	21,570	1,680	1,671	9,550	1,753	447		36,671
Other expenses	120,738	1,437	1,365	30,310	1,355	2,763	404	158,372
Excess of revenue over expenses	\$ 204,043	\$ 18,465	\$ 16,274	\$ 81,366	\$ 16,801	\$ 6,788	\$ 1,250	\$ 344,987