Big Brothers Big Sisters
of Metro Atlanta

# REPORT ON AUDITS OF FINANCIAL STATEMENTS

## FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**
**INDEX TO FINANCIAL STATEMENTS**
**DECEMBER 31, 2016 AND 2015**

**Jones and Kolb**
**Certified Public Accountants**
**Atlanta, Georgia**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers Big Sisters of Metro Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Big Brothers Big Sisters of Metro Atlanta, Inc. (the "Agency"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and net assets, functional expenses and cash flows for the years 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.

**Auditor's Responsibility**
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 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 auditor's 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 Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Metro Atlanta, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones and Kolb

March 27, 2017

# BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
## STATEMENTS OF FINANCIAL POSITION
## DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| **ASSETS** | | |
| **ASSETS** | | |
| Cash | $ 719,092 | $ 424,913 |
| Grants and other receivables | 37,389 | 28,000 |
| Promises to give, net | 830,224 | 1,420,776 |
| Capital campaign pledges receivable, net | 407,148 | 1,071,926 |
| Investments | 219,652 | 212,657 |
| Property and equipment, net | 5,770,281 | 5,875,133 |
| Other assets | 57,344 | 29,091 |
| Total assets | $ 8,041,130 | $ 9,062,496 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 193,194 | $ 171,111 |
| Lines of credit | - | 2,060,000 |
| Notes payable | 2,034,000 | 454,000 |
| Total liabilities | 2,227,194 | 2,685,111 |
| **NET ASSETS** | | |
| Unrestricted | | |
| Undesignated | 4,480,385 | 4,568,864 |
| Board designated | 187,988 | 181,827 |
| Total unrestricted | 4,668,373 | 4,750,691 |
| Temporarily restricted | 1,120,563 | 1,601,694 |
| Permanently restricted | 25,000 | 25,000 |
| Total net assets | 5,813,936 | 6,377,385 |
| Total liabilities and net assets | $ 8,041,130 | $ 9,062,496 |

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

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**
**STATEMENT OF ACTIVITIES AND NET ASSETS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **PUBLIC SUPPORT AND REVENUE** | | | | |
| Public support | | | | |
| United Way | $ 299,814 | $ 211,250 | $ - | $ 511,064 |
| Grants | 570,479 | - | - | 570,479 |
| Other public support | 331,979 | 89,848 | - | 421,827 |
| Corporate contributions | 418,443 | 56,998 | - | 475,441 |
| Capital campaign contributions | 3,978 | - | - | 3,978 |
| Special events | 1,198,380 | - | - | 1,198,380 |
| Less: Costs of direct benefits to donors | (283,329) | - | - | (283,329) |
| Total public support | 2,539,744 | 358,096 | - | 2,897,840 |
| Revenue | | | | |
| Other income | 6,594 | - | - | 6,594 |
| Investment income | 8,837 | 1,205 | - | 10,042 |
| Total revenue | 15,431 | 1,205 | - | 16,636 |
| Total public support and revenue | 2,555,175 | 359,301 | - | 2,914,476 |
| **NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS** | 840,432 | (840,432) | - | - |
| **EXPENSES** | | | | |
| Program services | 2,588,859 | - | - | 2,588,859 |
| Support services | | | | |
| Management and general | 296,037 | - | - | 296,037 |
| Fundraising | 593,029 | - | - | 593,029 |
| Total support services | 889,066 | - | - | 889,066 |
| Total expenses | 3,477,925 | - | - | 3,477,925 |
| **CHANGE IN NET ASSETS** | (82,318) | (481,131) | - | (563,449) |
| **NET ASSETS** | | | | |
| Beginning of year | 4,750,691 | 1,601,694 | 25,000 | 6,377,385 |
| **NET ASSETS** | | | | |
| End of year | $ 4,668,373 | $ 1,120,563 | $ 25,000 | $ 5,813,936 |

The accompanying notes to financial statements
are an integral part of this statement.

# BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
## STATEMENT OF ACTIVITIES AND NET ASSETS
## FOR THE YEAR ENDED DECEMBER 31, 2015

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **PUBLIC SUPPORT AND REVENUE** | | | | |
| Public support | | | | |
| United Way | $ 303,072 | $ 202,149 | $ - | $ 505,221 |
| Grants | 293,724 | - | - | 293,724 |
| Other public support | 461,446 | 1,246,509 | - | 1,707,955 |
| Corporate contributions | 495,800 | 147,211 | - | 643,011 |
| Capital campaign contributions | 3,683,855 | - | - | 3,683,855 |
| Special events | 1,218,057 | - | - | 1,218,057 |
| Less: Costs of direct benefits to donors | (349,425) | - | - | (349,425) |
| Total public support | 6,106,529 | 1,595,869 | - | 7,702,398 |
| Revenue | | | | |
| Other income | 5,034 | - | - | 5,034 |
| Investment loss | (4,053) | (538) | - | (4,591) |
| Total revenue | 981 | (538) | - | 443 |
| Total public support and revenue | 6,107,510 | 1,595,331 | - | 7,702,841 |
| **NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS** | 502,488 | (502,488) | - | - |
| **EXPENSES** | | | | |
| Program services | 2,101,888 | - | - | 2,101,888 |
| Support services | | | | |
| Management and general | 344,945 | - | - | 344,945 |
| Fundraising | 557,895 | - | - | 557,895 |
| Total support services | 902,840 | - | - | 902,840 |
| Total expenses | 3,004,728 | - | - | 3,004,728 |
| **CHANGE IN NET ASSETS** | 3,605,270 | 1,092,843 | - | 4,698,113 |
| **NET ASSETS** | | | | |
| Beginning of year | 1,145,421 | 508,851 | 25,000 | 1,679,272 |
| **NET ASSETS** | | | | |
| End of year | $ 4,750,691 | $ 1,601,694 | $ 25,000 | $ 6,377,385 |

The accompanying notes to financial statements are an integral part of this statement.

# BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2016

| | Program Services | Support Services | | | Total |
|---|---|---|---|---|---|
| | | Management and General | Fundraising | Total | |
| Salaries | $ 1,223,740 | $ 169,370 | $ 369,068 | $ 538,438 | $ 1,762,178 |
| Fringe benefits | 99,107 | 13,717 | 29,890 | 43,607 | 142,714 |
| Payroll taxes | 91,022 | 12,598 | 27,451 | 40,049 | 131,071 |
| Total compensation and benefits | 1,413,869 | 195,685 | 426,409 | 622,094 | 2,035,963 |
| Professional fees | 191,687 | 34,804 | 53,466 | 88,270 | 279,957 |
| Fiscal agent expense | 262,559 | - | - | - | 262,559 |
| Occupancy | 129,988 | 17,066 | 13,787 | 30,853 | 160,841 |
| Depreciation | 116,080 | 15,240 | 12,312 | 27,552 | 143,632 |
| IT expenses | 74,607 | 4,088 | 20,810 | 24,898 | 99,505 |
| Interest | 79,264 | 10,407 | 8,407 | 18,814 | 98,078 |
| Match support activities | 71,997 | - | - | - | 71,997 |
| Telephone | 47,907 | 2,625 | 13,362 | 15,987 | 63,894 |
| Insurance | 45,761 | 6,008 | 4,853 | 10,861 | 56,622 |
| Conferences and meetings | 35,955 | 1,970 | 10,029 | 11,999 | 47,954 |
| Miscellaneous | 32,771 | 1,796 | 9,140 | 10,936 | 43,707 |
| Equipment rental and maintenance | 21,109 | 2,771 | 2,239 | 5,010 | 26,119 |
| Printing | 17,881 | 980 | 4,987 | 5,967 | 23,848 |
| Supplies | 13,931 | 763 | 3,886 | 4,649 | 18,580 |
| Big Brothers Big Sisters of America | 13,035 | 714 | 3,636 | 4,350 | 17,385 |
| Membership dues | 7,871 | 431 | 2,195 | 2,626 | 10,497 |
| Postage | 4,838 | 265 | 1,350 | 1,615 | 6,453 |
| Staff development | 4,242 | 232 | 1,183 | 1,415 | 5,657 |
| Travel | 3,049 | 167 | 850 | 1,017 | 4,066 |
| Dues and subscriptions | 458 | 25 | 128 | 153 | 611 |
| Total expenses | $ 2,588,859 | $ 296,037 | $ 593,029 | $ 889,066 | $ 3,477,925 |

The accompanying notes to financial statements are an integral part of this statement.

# BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2015

| | Program Services | Support Services | | | Total |
|---|---|---|---|---|---|
| | | Management and General | Fundraising | Total | |
| Salaries | $ 904,512 | $ 195,013 | $ 332,216 | $ 527,229 | $ 1,431,741 |
| Fringe benefits | 74,453 | 16,052 | 27,346 | 43,398 | 117,851 |
| Payroll taxes | 75,384 | 16,253 | 27,688 | 43,941 | 119,325 |
| Total compensation and benefits | 1,054,349 | 227,318 | 387,250 | 614,568 | 1,668,917 |
| Professional fees | 161,668 | 34,460 | 47,126 | 81,586 | 243,254 |
| Fiscal agent expense | 40,845 | - | - | | 40,845 |
| Occupancy | 131,833 | 17,308 | 13,982 | 31,290 | 163,123 |
| Depreciation | 129,248 | 16,969 | 13,708 | 30,677 | 159,925 |
| IT expenses | 66,297 | 3,961 | 19,326 | 23,287 | 89,584 |
| Interest | 203,885 | 26,768 | 21,624 | 48,392 | 252,277 |
| Match support activities | 85,366 | - | - | - | 85,366 |
| Telephone | 48,388 | 2,891 | 14,105 | 16,996 | 65,384 |
| Insurance | 45,447 | 5,967 | 4,820 | 10,787 | 56,234 |
| Conferences and meetings | 18,474 | 1,104 | 5,385 | 6,489 | 24,963 |
| Miscellaneous | 32,520 | 1,943 | 9,480 | 11,423 | 43,943 |
| Equipment rental and maintenance | 17,638 | 2,316 | 1,871 | 4,187 | 21,825 |
| Printing | 14,865 | 888 | 4,333 | 5,221 | 20,086 |
| Supplies | 14,824 | 886 | 4,321 | 5,207 | 20,031 |
| Big Brothers Big Sisters of America | 12,449 | 744 | 3,629 | 4,373 | 16,822 |
| Membership dues | 5,938 | 355 | 1,731 | 2,086 | 8,024 |
| Postage | 5,425 | 324 | 1,581 | 1,905 | 7,330 |
| Staff development | 5,821 | 348 | 1,697 | 2,045 | 7,866 |
| Travel | 4,746 | 284 | 1,383 | 1,667 | 6,413 |
| Dues and subscriptions | 1,862 | 111 | 543 | 654 | 2,516 |
| Total expenses | $ 2,101,888 | $ 344,945 | $ 557,895 | $ 902,840 | $ 3,004,728 |

The accompanying notes to financial statements
are an integral part of this statement.

**BIG BROTHERS BIG SISTERS OF METRO ATLANTA, INC.**
**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

| | 2016 | 2015 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ (563,449) | $ 4,698,113 |
| ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Depreciation | 143,632 | 159,925 |
| Capital campaign contributions revenue | (3,978) | (3,683,855) |
| Net realized and unrealized (gain) loss on investments | (5,644) | 10,516 |
| Donated property and equipment | - | (38,550) |
| Change in grants and other receivables | (9,389) | (2,255) |
| Change in promises to give | 590,552 | (1,117,336) |
| Change in other assets | (28,253) | (115) |
| Change in accounts payable and accrued expenses | 22,083 | 81,215 |
| Total adjustments | 709,003 | (4,590,455) |
| Net cash provided by operating activities | 145,554 | 107,658 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for purchases of investments | (73,492) | (96,482) |
| Proceeds from sales of investments | 72,141 | 93,657 |
| Payments for purchases of property and equipment | (38,780) | (25,433) |
| Net cash used in investing activities | (40,131) | (28,258) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Capital campaign contributions received | 668,756 | 3,003,139 |
| Net payments on lines of credit | (2,060,000) | (40,000) |
| Payments on note payable | (454,000) | (2,746,000) |
| Proceeds from notes payable | 2,034,000 | - |
| Payments on capital lease payable | - | (26,752) |
| Net cash provided by financing activities | 188,756 | 190,387 |
| **NET INCREASE IN CASH** | 294,179 | 269,787 |
| **CASH,** Beginning of year | 424,913 | 155,126 |
| **CASH,** End of year | $ 719,092 | $ 424,913 |
| **SUPPLEMENTAL CASH FLOW DISCLOSURE** | | |
| Interest paid | $ 98,078 | $ 252,277 |

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Big Brothers Big Sisters of Metro Atlanta, Inc. (the "Agency") is a Georgia nonprofit organization that seeks to provide children facing adversity with strong and enduring professionally supported, one-to-one relationships that change their lives for the better, forever. The Agency actively seeks to assist children of every ethnic, racial, national, cultural and religious group in the metropolitan Atlanta area who may need additional positive role models to enrich their lives.

B. The accompanying financial statements have been prepared using the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when incurred.

C. The Agency classifies net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein have been classified as unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on related investments for general or special purposes.

Revenues from sources other than contributions are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Non-cash contributions are recorded at estimated fair value at the date of the gift. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or relate to permanently restricted endowment net assets.

When donor-imposed restrictions on net assets expire, net assets are reclassified from temporarily restricted net assets to unrestricted net assets. 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.

D. At times the Agency's cash balances may be in excess of the federally insured limits. However, given the strength of the financial institution, management believes such excess deposits do not create significant loss exposure.

E. The Agency records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred. Amounts that have been received but not earned are included in accounts payable and accrued expenses on the Statements of Financial Position.

F. Contributions to be received in less than one year are reported at net realizable value. Contributions to be received in one year or more are initially reported at fair value, estimated by discounting them to their present value at a risk-adjusted rate. Thereafter, amortization of the discount is recorded as additional contribution revenue. An allowance is made for uncollectible promises to give and capital campaign pledges receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

G. Investments include equities, fixed income instruments and money market accounts that are carried at fair value. Increases and decreases in market value are reported as investment income (loss) on the Statements of Activities and Net Assets.

H. The preparation of financial statements in conformity with U.S. 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.

I. Purchased property and equipment with values greater than or equal to $500 are stated at historical cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets range from three to thirty-nine years. Depreciation expense was $143,632 and $159,925 for the years ended December 31, 2016 and 2015, respectively.

J. The Agency records donated services if the fair market value of the donated services is readily available and meets the criteria for recognition.

K. The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended. The Internal Revenue Service has classified the Agency as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code, which allows donors to take the maximum charitable deduction.

L. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Net Assets and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

M. Subsequent events have been evaluated by management through March 27, 2017, the date these financial statements were available to be issued.

## 2. PROMISES TO GIVE

Unconditional promises to give at December 31, 2016 and 2015 are as follows:

| | 2016 | 2015 |
|---|---|---|
| Receivable in less than one year | $ 833,243 | $ 919,973 |
| Receivable in one to four years | 10,000 | 520,000 |
| Total promises to give | 843,243 | 1,439,973 |
| Allowance for doubtful accounts | (10,000) | (5,000) |
| Unamortized discount at 1.31% | (3,019) | (14,197) |
| Promises to give, net | $ 830,224 | $ 1,420,776 |

## 3. CAPITAL CAMPAIGN PLEDGES RECEIVABLE

The Agency engaged in a capital campaign to finance the purchase of land and the new building. Capital campaign pledges receivable at December 31, 2016 and 2015 are as follows:

| | 2016 | 2015 |
|---|---|---|
| Receivable in less than one year | $ 369,000 | $ 728,400 |
| Receivable in one to four years | 45,616 | 381,377 |
| Total capital campaign pledges receivable | 414,616 | 1,109,777 |
| Allowance for doubtful accounts | (4,000) | (30,406) |
| Unamortized discount at 1.31% | (3,468) | (7,445) |
| Capital campaign pledges receivable, net | $ 407,148 | $ 1,071,926 |

## 4. INVESTMENTS

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are based on significant unobservable inputs. At December 31, 2016 and 2015, the only assets that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments. Such investments are classified within Level 1 of the valuation hierarchy.

The following is a summary of investments, stated at fair value based on quoted market prices, held at December 31, 2016 and 2015:

| | 2016 | 2015 |
|---|---|---|
| Equities | $ 127,097 | $ 108,700 |
| Fixed income instruments | 81,668 | 87,449 |
| Money market | 10,887 | 16,508 |
| Investments | $ 219,652 | $ 212,657 |

The following schedule summarizes investment income (loss) for the years ended December 31, 2016 and 2015:

| | 2016 | 2015 |
|---|---|---|
| Net realized and unrealized gain (loss) | $ 5,644 | $ (10,516) |
| Interest and dividend income | 4,398 | 5,925 |
| Investment income (loss) | $ 10,042 | $ (4,591) |

## 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016 and 2015:

| | 2016 | 2015 |
|---|---|---|
| Land | $ 2,108,884 | $ 2,108,884 |
| Building | 4,090,631 | 4,062,210 |
| Equipment and computer software | 126,873 | 275,487 |
| Furniture and fixtures | 307,795 | 307,795 |
| Total | 6,634,183 | 6,754,376 |
| Less accumulated depreciation | (863,902) | (879,243) |
| Property and equipment, net | $ 5,770,281 | $ 5,875,133 |

## 6. LINES OF CREDIT

The Agency had a line of credit with a maximum borrowing limit of $1,100,000 and a maturity date of December 16, 2016, first secured by the Agency's investments and then the land and building. The line bore interest at the prime rate plus one percentage point, subject to a floor of 4.25%, which was effectively 4.50% at December 31, 2015. At December 31, 2015, the outstanding balance on this line of credit was $1,080,000. During the year ended December 31, 2016, the Agency restructured the line of credit and reduced the borrowing limit to $250,000. The line bears interest at the prime rate plus one percentage point, subject to a floor of 3.00%, which was effectively 4.75% at December 31, 2016. At December 31, 2016, there were no outstanding borrowings on this line of credit.

The Agency had a construction line of credit with a maximum borrowing limit of $1,000,000 and a maturity date of December 16, 2016, secured by the land and building. This line of credit bore interest at the prime rate plus one percentage point, subject to a floor of 4.25%, effectively 4.50% at December 31, 2015. During the year ended December 31, 2016, the Agency repaid this line of credit. At December 31, 2015, the outstanding balance on this line of credit was $980,000.

## 7. NOTES PAYABLE

On May 16, 2011, the Agency obtained a $3,950,000 note secured by the land and building. On February 3, 2014, the note was amended to extend the maturity date and modify the principal payment schedule and interest rates. The note bore interest at a rate of 3% for the first year, 3.5% for the second year, 4% for the third year, 4.25% for the fourth year and 4.5% thereafter until the note was paid in full. Interest was payable monthly and principal payments of $250,000 was due annually. The outstanding principal and accrued interest were due in full upon maturity, which was May 15, 2016. During the year ended December 31, 2016, the Agency repaid this note payable. At December 31, 2015, the outstanding principal balance was $454,000.

On December 20, 2016, the Agency obtained a $1,634,000 note secured by the land and building. The note bears interest at a rate of 4.85% and matures on December 20, 2021. Interest and principal payments of $10,709 are due monthly. The outstanding principal and accrued interest are due in full upon maturity. At December 31, 2016, the outstanding principal balance was $1,634,000.

On December 20, 2016, the Agency obtained a $400,000 note secured by the land and building. The note bears interest at the prime rate plus one percentage point, subject to a floor of 4.25%, which was effectively 4.75% at December 31, 2016. Interest is payable monthly and principal payments are due on the anniversary date of the agreement, $250,000 for the first year, $75,000 for the second year, and $75,000 upon maturity on December 20, 2019. At December 31, 2016, the outstanding principal balance was $400,000.

Future maturities of the notes payable are shown below:

| Year Ending | Amount |
|---|---|
| December 31, 2017 | $ 300,371 |
| December 31, 2018 | 127,870 |
| December 31, 2019 | 130,492 |
| December 31, 2020 | 58,243 |
| December 31, 2021 | 1,417,024 |
| Total future payments | $ 2,034,000 |

## 8. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, temporarily restricted net assets consist of the following:

| | 2016 | 2015 |
|---|---|---|
| Mentoring Children of Prisoners | $ 747,357 | $ 1,236,509 |
| Match support | 267,917 | 278,816 |
| Information technology | 79,000 | 16,250 |
| Lilburn and Radloff Middle School | 19,625 | 39,294 |
| Donor-restricted endowment fund | 6,664 | 5,825 |
| Big Fit | - | 25,000 |
| Temporarily restricted net assets | $ 1,120,563 | $ 1,601,694 |

Net assets released from restrictions for the years ended December 31, 2016 and 2015 were as follows:

| | 2016 | 2015 |
|---|---|---|
| Mentoring Children of Prisoners | $ 500,000 | $ 251,625 |
| Match support | 278,816 | 250,499 |
| Big Fit | 25,000 | - |
| Lilburn and Radloff Middle School | 20,000 | - |
| Information technology | 16,250 | - |
| Donor endowment | 366 | 364 |
| Net assets released from restrictions | $ 840,432 | $ 502,488 |

## 9. PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, permanently restricted net assets consisted of grant funds from the Tull Charitable Foundation of $25,000.

## 10. ENDOWMENT

The Agency's endowment consists of a quasi-endowment, board-designated fund established for a variety of purposes and one donor-restricted endowment fund. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity for a donor-specified period as well as board-designated funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Agency has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors appropriates funds from the endowment funds based on specific needs and budgeting requirements from year to year. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Agency and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Agency; and,
(7) The investment policies of the Agency.

The Agency has adopted investment and spending policies that attempt to preserve endowment assets by using funding, via the annual operating budget, of up to 40% of the earnings on the endowment for the prior year. The Board of Directors has additional authority to approve additional funding when operating cash is insufficient. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed common benchmarks for a balanced portfolio, while assuming a moderate level of risk.

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The composition of and changes in endowment funds at December 31, 2016 consisted of the following:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 181,827 | $ 5,825 | $ 25,000 | $ 212,652 |
| Investment return: | | | | |
| Investment income | 3,870 | 528 | - | 4,398 |
| Net realized and unrealized gain | 4,967 | 677 | - | 5,644 |
| Total investment return | 8,837 | 1,205 | - | 10,042 |
| Other changes: | | | | |
| Amounts appropriated for expenditures | (2,676) | (366) | - | (3,042) |
| Total other changes | (2,676) | (366) | - | (3,042) |
| Endowment net assets, end of year | $ 187,988 | $ 6,664 | $ 25,000 | $ 219,652 |

The composition of and changes in endowment funds at December 31, 2015 consisted of the following:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 188,621 | $ 6,727 | $ 25,000 | $ 220,348 |
| Investment return: | | | | |
| Investment income | 5,230 | 695 | - | 5,925 |
| Net realized and unrealized loss | (9,283) | (1,233) | - | (10,516) |
| Total investment return | (4,053) | (538) | - | (4,591) |
| Other changes: | | | | |
| Amounts appropriated for expenditures | (2,741) | (364) | - | (3,105) |
| Total other changes | (2,741) | (364) | - | (3,105) |
| Endowment net assets, end of year | $ 181,827 | $ 5,825 | $ 25,000 | $ 212,652 |

## 11. RETIREMENT PLAN

The Agency has established a defined contribution plan for the benefit of its employees. Contributions and costs under the defined contribution pension plan are five percent of each employee's salary. For the years ended December 31, 2016 and 2015, the Agency elected to not make contributions to the plan.

## 12. RELATED PARTY

During the years ended December 31, 2016 and 2015, the Agency received support from Big Brothers Big Sisters of America ("BBBSA") of $105,676 and $100,000, respectively. At December 31, 2016 and 2015, promises to give from BBBSA was $56,667 and $66,667, respectively.

## 13. LEASES

The Agency has several operating leases for equipment with original lease terms of 36 to 48 months. Rent expense related to the equipment for the years ended December 31, 2016 and 2015 was $16,332 and $15,192, respectively. At December 31, 2016, future minimum payments required under operating leases are as follows:

| Year Ending | Amount |
|---|---|
| December 31, 2017 | $ 15,871 |
| December 31, 2018 | 3,395 |
| Total | $ 19,266 |

## 14. CONCENTRATIONS

The following schedule summarizes the concentrations in financial statements amounts at December 31, 2016 and 2015 and for the years then ended:

| | Number of Donors | Concentration Percentage |
|---|---|---|
| **Public support and revenue** | | |
| Year ended December 31, 2016 | 2 | 36% |
| Year ended December 31, 2015 | 3 | 46% |
| **Promises to give, net** | | |
| December 31, 2016 | 2 | 86% |
| December 31, 2015 | 2 | 85% |
| **Capital campaign pledges receivable, net** | | |
| December 31, 2016 | 1 | 30% |
| December 31, 2015 | 1 | 53% |