BIG BROTHERS BIG SISTERS
OF METROPOLITAN CHICAGO

FINANCIAL STATEMENTS

JUNE 30, 2017

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters of Metropolitan Chicago
Chicago, Illinois

We have audited the accompanying financial statements of BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, 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.

Auditors' 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 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.

1717 Deerfield Road, Suite 300 South, Deerfield, Illinois 60015-3977 847•267•9600 Fax 847•267•9696 www.waradydavis.com
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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 METROPOLITAN CHICAGO as of June 30, 2017 and 2016, 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.

Warady + Davis LLP

October 2, 2017

STATEMENTS OF FINANCIAL POSITION

As of June 30	**2017**	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 1,247,912**	$ 526,147
Restricted Cash	**125,387**	125,300
Other Receivables	—	50
Contributions Receivable	**573**	12,337
Government Grants Receivable	**60,711**	109,448
Unconditional Promises to Give	**961,135**	784,995
Prepaid Expenses	**113,656**	119,671
Total Current Assets	**2,509,374**	1,677,948
PROPERTY AND EQUIPMENT, net	**408,385**	74,964
OTHER ASSETS		
Prepaid Lease Commission	—	1,575
Unconditional Promises to Give - Long-Term	**896,134**	—
Total Other Assets	**896,134**	1,575
	$ 3,813,893	$ 1,754,487
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 206,163**	$ 212,901
Accrued Liabilities	**240,366**	90,320
Deferred Revenue	**12,000**	9,000
Deferred Rent - Current Portion	**16,909**	16,382
Total Current Liabilities	**475,438**	328,603
NONCURRENT LIABILITIES		
Deferred Rent	**226,517**	4,369
NET ASSETS		
Unrestricted	**804,392**	188,712
Temporarily Restricted	**2,182,159**	1,107,503
Permanently Restricted	**125,387**	125,300
	3,111,938	1,421,515
	$ 3,813,893	$ 1,754,487

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2017				2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES								
Contributions								
Corporations	**$ 158,763**	**$ 780,399**	**$**	**$ 939,162**	$ 212,651	$ 809,670	$	$ 1,022,321
Foundations	**109,000**	**673,970**		**782,970**	128,750	549,500		678,250
Individuals	**698,313**	**1,893,831**		**2,592,144**	796,322	140,746		937,068
Government Grants	**—**	**123,721**		**123,721**	226	78,455		78,681
Big Brothers Big Sisters of America (BBBSA)	**13,604**	**833,212**		**846,816**	13,232	290,876		304,108
Program Related Events	**31,000**			**31,000**	127,022			127,022
Contributions In-Kind	**116,646**			**116,646**	160,816			160,816
	1,127,326	**4,305,133**		**5,432,459**	1,439,019	1,869,247		3,308,266
Program Service Fees	**13,687**			**13,687**	10,465			10,465
Special Events								
Special Event Revenue	**1,212,479**	**223,867**		**1,436,346**	1,069,644	283,406		1,353,050
Less Costs of Direct Benefits to Donors	**(511,440)**			**(511,440)**	(395,946)			(395,946)
	701,039	**223,867**		**924,906**	673,698	283,406		957,104
Other Revenue								
Interest Income	**795**		**87**	**882**	1,016		46	1,062
Net Assets Released from Restrictions	**3,454,344**	**(3,454,344)**		**—**	2,130,321	(2,130,321)		—
Total Revenues	**5,297,191**	**1,074,656**	**87**	**6,371,934**	4,254,519	22,332	46	4,276,897
EXPENSES								
Program Services	**3,413,205**			**3,413,205**	3,147,019			3,147,019
Support Services								
Management and General	**533,957**			**533,957**	353,967			353,967
Fundraising	**734,349**			**734,349**	600,427			600,427
	1,268,306			**1,268,306**	954,394			954,394
Total Expenses	**4,681,511**			**4,681,511**	4,101,413			4,101,413
CHANGES IN NET ASSETS	**615,680**	**1,074,656**	**87**	**1,690,423**	153,106	22,332	46	175,484
Net Assets, Beginning	**188,712**	**1,107,503**	**125,300**	**1,421,515**	35,606	1,085,171	125,254	1,246,031
NET ASSETS, ENDING	**$ 804,392**	**$ 2,182,159**	**$ 125,387**	**$ 3,111,938**	$ 188,712	$ 1,107,503	$ 125,300	$ 1,421,515

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

		Support Services			
	Big Brothers Big Sisters Programs	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 1,936,258	$ 233,715	$ 456,703	$ 690,418	$ 2,626,676
Payroll Taxes	140,210	16,924	33,071	49,995	190,205
Employee Benefits	128,236	15,479	30,247	45,726	173,962
401(k) Employer Matching Contributions	20,407	2,463	4,813	7,276	27,683
	2,225,111	268,581	524,834	793,415	3,018,526
Annual Dues	16,883	2,038	3,982	6,020	22,903
Academic Enrichment, Scholarships and Awards	111,191				111,191
Background Checks	52,692				52,692
Bank Charges	10,294	2,574	12,868	15,442	25,736
Communications	19,599	2,366	4,623	6,989	26,588
Depreciation and Amortization	37,261	4,497	8,788	13,285	50,546
Equipment Expense	29,277	3,534	6,906	10,440	39,717
Insurance	49,894	10,386	4,158	14,544	64,438
Miscellaneous	2,375	287	560	847	3,222
Occupancy	213,790	43,620	41,778	85,398	299,188
Office Supplies	13,198	1,593	3,113	4,706	17,904
Postage and Shipping	2,903	350	685	1,035	3,938
Printing Expense	9,722	1,174	3,235	4,409	14,131
Professional Fees	90,330	171,136	92,727	263,863	354,193
Program Events and Activities	212,439				212,439
Program Snacks and Supplies	54,865				54,865
Program Transportation	152,257				152,257
Recruitment/Marketing	1,521	8,921	12,421	21,342	22,863
Training and Meetings	41,486	5,008	9,785	14,793	56,279
Travel	66,117	7,892	3,886	11,778	77,895
	1,188,094	265,376	209,515	474,891	1,662,985
TOTALS	$ 3,413,205	$ 533,957	$ 734,349	$ 1,268,306	$ 4,681,511

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2016

	Big Brothers Big Sisters Programs	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Total Expenses
Salaries	$ 1,829,905	$ 169,246	$ 389,240	$ 558,486	$ 2,388,391
Payroll Taxes	133,846	12,379	28,471	40,850	174,696
Employee Benefits	134,415	12,432	28,592	41,024	175,439
401(k) Employer Matching Contributions	20,008	1,851	4,256	6,107	26,115
	2,118,174	195,908	450,559	646,467	2,764,641
Annual Dues	17,439	1,613	3,709	5,322	22,761
Academic Enrichment, Scholarships and Awards	79,767				79,767
Background Checks	42,234			—	42,234
Bank Charges	11,078	2,770	13,849	16,619	27,697
Communications	21,458	1,985	4,564	6,549	28,007
Depreciation and Amortization	14,213	1,314	3,023	4,337	18,550
Equipment Expense	31,546	2,918	6,711	9,629	41,175
Insurance	48,894	10,037	4,031	14,068	62,962
Miscellaneous	609	56	129	185	794
Occupancy	163,969	30,757	29,527	60,284	224,253
Office Supplies	15,953	1,476	3,394	4,870	20,823
Postage and Shipping	5,239	484	1,114	1,598	6,837
Printing Expense	9,324	1,165	12,820	13,985	23,309
Professional Fees	44,570	89,884	58,507	148,391	192,961
Program Events and Activities	267,148			—	267,148
Program Snacks and Supplies	39,196			—	39,196
Program Transportation	146,959			—	146,959
Recruitment/Marketing	1,517	9,386	4,701	14,087	15,604
Training and Meetings	12,232	1,131	2,602	3,733	15,965
Travel	55,500	3,083	1,187	4,270	59,770
	1,028,845	158,059	149,868	307,927	1,336,772
TOTALS	$ 3,147,019	$ 353,967	$ 600,427	$ 954,394	$ 4,101,413

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 1,690,423	$ 175,484
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	50,546	18,550
Amortization of Prepaid Lease Commissions	1,575	3,151
Donated Property and Equipment	—	(36,686)
Donated Stocks	(175,491)	(129,865)
Deferred Rent	222,675	(25,318)
Other Receivables	50	(25)
Contributions Receivable	11,764	(3,771)
Government Grants Receivable	48,737	(97,823)
Unconditional Promises to Give	(1,072,274)	10,598
Prepaid Expenses	6,015	(41,993)
Accounts Payable	(6,738)	14,694
Accrued Liabilities	150,046	44,788
Deferred Revenue	3,000	2,000
Total Adjustments	(760,095)	(241,700)
Net Cash Provided (Used) by Operating Activities	930,328	(66,216)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Restricted Cash	(87)	(46)
Purchase of Property and Equipment	(383,967)	(28,719)
Proceeds from Sale of Donated Stocks	175,491	129,865
Net Cash Provided (Used) by Investing Activities	(208,563)	101,100
NET INCREASE IN CASH AND CASH EQUIVALENTS	721,765	34,884
Cash and Cash Equivalents, Beginning	526,147	491,263
CASH AND CASH EQUIVALENTS, ENDING	$ 1,247,912	$ 526,147
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash Activities		
Donated Property and Equipment	$ —	$ 36,686

See accompanying notes.

NATURE OF ACTIVITIES

Big Brothers Big Sisters of Metropolitan Chicago (the Organization), an Illinois not-for-profit corporation, provides children facing adversity with strong and enduring professionally supported one-to-one relationships that change their lives for the better, forever. The Organization's support comes primarily from corporate, foundation and individual donors' contributions as well as government grants and various fundraising activities. Two donors contributed 30% of total revenues for the year ended June 30, 2017. No such concentration existed for the year ended June 30, 2016.

The Organization fulfills its mission through delivery of Community Based Mentoring and a variety of Site Based Mentoring Programs.

Community Based Mentoring Program. Through Community Based Mentoring, at-risk youth are matched one-to-one with caring, screened and trained adult volunteer mentors. This program offers Bigs and Littles the opportunity to plan together and engage in activities that they enjoy. Each match is unique, building upon the personalities, life experiences, interests and assets of the Big and Little involved.

Site Based Mentoring Programs. Site Based Mentoring operates similarly to Community Based Mentoring in that Bigs and Littles are matched one to one but meet at a prearranged space such as a school, community center or place of business 2-4 times per month with other Big/Little pairs. The Organization offers the following Site Based Program options for mentors and mentees:

School Based Mentoring. With the cooperation of the local school districts, this program matches at-risk elementary and middle school students with volunteer mentors from Chicago area corporations, colleges and universities, and the larger community. The matches meet at the school location.

Club Based Mentoring. The Organization operates Club Based Mentoring Programs in conjunction with Boys & Girls Clubs (BGC). A volunteer is matched with a youth participating in a BGC program where activities occur at the club site.

Workplace Mentoring. The Organization offers specialized mentoring programs for youth where the majority of the mentoring takes place at a corporate "workplace" site. This program allows for integration of the resources and environment of the workplace into the overall program.

Evening Site Based Mentoring. Bigs and Littles come from the general community and meet at a local community center. In addition to meeting on-site, matches participate in one monthly field trip to local sporting events, museums or outdoor activities.

Saturday Site Based Mentoring. Saturday Site Based programs offer a structured opportunity for Bigs who cannot commit to a program during the weekday. The programs meet every other Saturday throughout the calendar year.

Flex Mentoring Program. This program was developed in partnership with ICouldBe. Employees from various companies were paired with high school students in one-on-one mentoring relationships that take place over a secure, monitored, online platform and in a supervised group setting.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Codification for "Financial Statements of Not-for-Profit Organizations". Under the standards, the Organization is required to report information regarding its financial position and activities into three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations plus those resources for which temporarily donor-imposed stipulations have been satisfied. Unrestricted net assets may otherwise be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets - Net assets whose use by the Organization is subject to donor-imposed stipulations that may or will be met either by actions of the Organization, pursuant to those stipulations and/or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the resources be maintained permanently by the Organization. Due to the nature of the permanently restricted reserve fund, the income earned from the permanently restricted net assets is also permanently restricted and is recorded as permanently restricted revenue (See Note 9).

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

SUPPORT REVENUE

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

It is the Organization's policy to sell donated securities upon receipt. Grant revenues are recognized in the period in which they are earned. Amounts received under these grants that have not yet been spent are recorded as deferred revenue. At year-end, deferred revenues are recorded for fundraising revenue received in advance of the event.

CASH AND CASH EQUIVALENTS

The Organization considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents consist of money market accounts and a certificate of deposit.

RECEIVABLES

Receivables are stated at their net realizable value, which is the amount the Organization expects to collect. Receivables which are expected to be collected in greater than one year are recorded at the present value of their estimated future cash flows. The Organization determines an allowance for doubtful accounts based on past experience and analyses of collectability of the various receivables. The allowance for doubtful accounts was $-0- at June 30, 2017 and 2016. Receivables are charged to bad debt expense or loss when deemed uncollectible.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

Property and equipment in excess of the capitalization threshold of $2,500 is capitalized and carried at cost. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets which range from 3 years for computer equipment and software to 5 years for furniture, equipment and the phone system, and 6 years for the office buildout.

DEFERRED RENT

Rent expense is recorded on the straight-line method over the life of the lease. Tenant allowances are recorded as a deferred rent liability and amortized over the term of the lease.

CONTRIBUTIONS IN-KIND

Contributions of goods and services are recorded at their estimated fair value at the date of contribution. Such contributions are reported as increases in unrestricted net assets unless the donor has restricted the donation to a specific purpose. In-kind contributions of $116,646 for 2017 include legal services of $28,200, consulting services of $900, accounting services of $6,950, training services of $6,535, advertising of $795, supplies of $9,025, and $64,241 of event tickets and food used for program activities. In-kind contributions of $160,816 for 2016 include property and equipment of $36,686, legal services of $68,032, accounting services of $4,350, videography services of $1,500, and $50,248 of event tickets and food used for program activities.

VOLUNTEER SUPPORT (UNAUDITED)

The Organization receives donated time from volunteers as Big Brothers and Big Sisters. This donated time does not meet the criteria for financial statement recognition in conformity with accounting principles generally accepted in the United States, and therefore is not reflected in the accompanying financial statements. Management estimates that these volunteers contributed approximately of 69,275 hours in 2017 and 68,705 in 2016. An approximate economic value for this volunteer time contributed for the State of Illinois is $25.95 and $25.34 per hour using the most recent data released by the U.S. Bureau of Labor Statistics for 2016 and 2015, respectively. Applying this rate, the Organization's volunteer mentor services would be valued at $1,797,686 for 2017 and $1,740,985 for 2016. Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as 80% of total Organization expenses and support services as 20% for 2017, and 84% and 16% for 2016, respectively. Program and support services as a percentage of total Organization expenses in the audited financial statements are 73% and 27% for 2017, respectively and 77% and 23%, respectively for 2016.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on the functional basis in the statements of activities. Expenses are charged directly to programs or general and administrative categories based upon specific identification where possible. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a *private foundation* within the meaning of Section 509(a) of the Internal Revenue Code. The Organization is similarly exempt for state purposes.

The Organization follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Organization has taken or expects to take in its tax returns. Under the guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Organization believes that it has appropriate support for the positions taken on its returns.

The Organization files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Illinois.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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, gains and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2—CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in deposit accounts at financial institutions, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

NOTE 3—RESTRICTED CASH

Restricted cash includes amounts contributed to serve as a permanently restricted reserve fund, used to support the stability of the Organization and the quality of the Organization's programs (see Notes 8 and 9).

NOTE 4—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of amounts receivable in:

	2017	2016
Less than One Year	$ 961,135	$ 784,995
One to Five Years	953,890	-
	1,915,025	784,995
Less: Discount to Net Present Value	57,756	-
Net Pledges Receivable	1,857,269	784,995
Less Current Portion	961,135	784,995
Long-Term Portion	$ 896,134	$ -

The discount rate used in determining the net present value of unconditional promises to give is 3.50% for the years ended June 30, 2017 and 2016.

NOTE 5—PROPERTY AND EQUIPMENT

Depreciable and amortizable assets at June 30 consist of:

	2017	2016
Furniture and Fixtures	$ 44,901	$ 17,432
Phone System	34,535	34,535
IT Equipment and Server	141,941	128,782
Office Build-out	339,910	20,765
Construction in Progress	17,000	13,571
	578,287	215,085
Less Accumulated Depreciation and Amortization	169,902	140,121
	$ 408,385	$ 74,964

NOTE 6—LINE OF CREDIT

The Organization maintains a revolving line of credit with a maximum borrowing base of $450,000. The line of credit is renewed annually in March and is currently effective through March 27, 2018. The line is collateralized by all of the Organization's business assets. The credit agreement requires that the line be paid down to $-0- for at least 15 consecutive days once per year, and contains other restrictive covenants as defined in the agreement. There was no outstanding balance on the line of credit at June 30, 2017 and 2016. Interest is payable monthly on the outstanding balance at the bank's prime lending rate (4.00% at June 30, 2017). As there were no borrowings for the years ended June 30, 2017 and 2016, there was no interest expense.

NOTE 7—TEMPORARILY RESTRICTED NET ASSETS

	2017	2016
Impact Campaign	$ **1,483,146**	$ —
Legacy Award	**25,000**	15,000
Programs in Highland Park	**41,000**	41,000
Site Based – Bank of America	**20,000**	20,000
Site Based – Barrington/Elgin	—	20,000
Site Based – Baxter	—	35,000
Site Based – Blue Cross Blue Shield	**20,000**	20,000
Site Based – BNY Mellon	**25,000**	20,000
Site Based – Cardinal Health	**4,500**	5,625
Site Based – Chicago Housing Authority	**40,000**	—
Site Based – Comcast Foundation	**5,000**	5,000
Site Based – Dr. King Club	—	20,000
Site Based – DRW Trading	**25,000**	25,000
Site Based – Ernst & Young	**15,000**	—
Site Based – Hammond	—	5,000
Site Based – Jones Lang LaSalle	—	5,000
Site Based – McDonalds	—	10,000
Site Based – Mesirow Financial	—	17,250
Site Based – Motorola	—	15,000
Site Based – Oak Park River Forest	—	5,000
Site Based – Palatine	**1,500**	—
Site Based – Project Breakthrough	**11,397**	31,433
Site Based – PWC	—	15,000
Site Based – Wells Fargo	**25,000**	25,000
Site Based – Vernon Hills	**2,500**	3,000
Site Based – Various Programs FY17	—	135,000
Site Based – Various Programs FY18	**168,681**	—
Community Based	**78,697**	154,979
Community Impact	**5,000**	—
High School Mentoring	**10,688**	—
Match Enrichment	**39,911**	22,346
Physical Health and Well Being Initiative	**9,780**	10,000
Time Restricted	**125,359**	426,870
	$ **2,182,159**	$ 1,107,503

NOTE 8—PERMANENTLY RESTRICTED NET ASSETS

	2017	2016
Wallace Cash Reserve Fund	$ **125,387**	$ 125,300

NOTE 9—ENDOWMENT FUNDS

The Organization's endowment consists of one fund established to act as an operating reserve fund for the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (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 Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies.

INVESTMENT RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES, AND SPENDING POLICY

The Board of Directors of the Organization has adopted investment and spending policies for endowment assets that attempt to provide for appropriate preservation of capital of the endowment funds. The endowment is invested in accordance with the gift instrument in a separate interest bearing account.

The Organization may withdraw endowment funds as deemed necessary to support the stability of the Organization and the quality of the Organization's programs. The Organization must repay funds withdrawn, by the close of the next fiscal year following the year which they were withdrawn. The Organization's Board of Directors has determined that these funds will be used after the Organization's unrestricted cash reserves and line of credit have been exhausted.

Endowment net assets composition by type of fund as of June 30 is as follows:

	2017	2016
Donor-Restricted Endowment Funds	**$ 125,387**	$ 125,300

Changes in endowment net assets for the years ended June 30 are as follows:

	2017	2016
Endowment Net Assets, Beginning of Year	**$ 125,300**	$ 125,254
Interest Income	**87**	46
Endowment Net Assets, End of Year	**$ 125,387**	$ 125,300

Due to the nature of the permanently restricted reserve fund, the income earned from the permanently restricted net assets is also permanently restricted and is recorded as permanently restricted revenue.

NOTE 10—LEASE COMMITMENTS

In March, 2016, the Organization signed a new lease agreement expanding the Organization's office space by 2,736 square feet. The new lease, which expires on December 31, 2023, supersedes the original lease which was due to expire December 31, 2016. The lease for office space provides for monthly rental payments increasing annually plus a pro rata share of operating costs. The Organization also received $250,000 in tenant improvements. In lieu of a security deposit, the landlord accepted an irrevocable standby letter of credit. The value of the letter of credit was $96,525 at June 30, 2017, and June 30, 2016. The letter of credit was extended to March 27, 2018.

In September, 2012, the Organization entered into a noncancelable operating lease for telephone equipment, which expired September, 2015. The Organization has continued renting this equipment on a month-to-month basis for $302 per month. In May, 2013, the Organization entered into a noncancelable operating lease for equipment, with rent payments beginning in July, 2013, which expired June, 2017. A lease was entered into for new office equipment, with rent payments of $521 per month beginning in July 2017, which expires June, 2021.

Rent expense for the year ended June 30, 2017 was $266,146, of which $3,173 was attributable to off-site storage. Rent expense for the year ended June 30, 2016 was $204,304, of which $3,216 was attributable to off-site storage. All amounts are included in occupancy expense in the statements of functional expenses for the years ended June 30, 2017 and 2016.

Minimum rental commitments under noncancelable lease agreements are as follows:

Year Ending June 30		
2018	$	273,281
2019		280,803
2020		288,325
2021		295,847
2022		297,119
Thereafter		458,842
	$	1,894,217

NOTE 11—EMPLOYEE BENEFIT PLAN

On January 1, 2004, the Organization adopted an employee benefit plan pursuant to Internal Revenue Code Section 401(k) where participants may make contributions from their gross pay up to a maximum allowed by law. On July 31, 2006, the plan was restated to allow the Organization to make discretionary profit sharing and/or discretionary matching contributions. The Organization made matching contributions of 100% of employee contributions up to 3% of the employee's gross compensation until February 2009. The Organization reinstated the matching contributions as of February 1, 2011. The Organization will match fifty cents on the dollar up to 3% of the participating employee's contribution, with a cap of $2,100. A vesting schedule has been established which is tied to an employee's tenure at the Organization. The Organization made contributions of $27,683 to the plan for the year ended June 30, 2017 and $26,115 for the year ended June 30, 2016.

NOTE 12—RELATED PARTY TRANSACTIONS

Contributions from officers, former officers, board members and companies whose directors are also board members amounted to $2,253,978 for the year ended June 30, 2017, including $5,271 of in-kind auction and raffle donations and $23,200 of donated legal services, and $443,796 for the year ended June 30, 2016, including $21,511 of in-kind auction and raffle donations and $63,344 of donated legal services. There were unconditional promises to give of $1,266,181 at June 30, 2017 and $34,156 at June 30, 2016 from members of the board of directors and their related companies or officers of the Organization, net of discounts.

NOTE 13—SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2017, the date which the financial statements were available to be issued. There were no subsequent events that require disclosure.