BIG BROTHERS BIG SISTERS
OF METROPOLITAN CHICAGO

FINANCIAL STATEMENTS

JUNE 30, 2018

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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, 2018 and 2017, 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.

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, 2018 and 2017, 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 5, 2018

STATEMENTS OF FINANCIAL POSITION

As of June 30	**2018**	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 1,205,674**	$ 1,247,912
Restricted Cash	**125,512**	125,387
Other Receivables	**514**	—
Contributions Receivable	—	573
Government Grants Receivable	**244,054**	60,711
Unconditional Promises to Give	**1,198,590**	961,135
Prepaid Expenses	**129,134**	113,656
Total Current Assets	**2,903,478**	2,509,374
PROPERTY AND EQUIPMENT, net	**332,246**	408,385
OTHER ASSETS		
Unconditional Promises to Give - Long-Term	**719,482**	896,134
	$ 3,955,206	$ 3,813,893
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 190,597**	$ 206,163
Accrued Liabilities	**127,184**	240,366
Deferred Revenue	—	12,000
Deferred Rent - Current Portion	**24,431**	16,909
Total Current Liabilities	**342,212**	475,438
NONCURRENT LIABILITIES		
Deferred Rent	**202,085**	226,517
NET ASSETS		
Unrestricted	**838,473**	804,392
Temporarily Restricted	**2,446,924**	2,182,159
Permanently Restricted	**125,512**	125,387
	3,410,909	3,111,938
	$ 3,955,206	$ 3,813,893

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2018				2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES								
Contributions								
Corporations	**$ 139,979**	**$ 790,800**	**$**	**$ 930,779**	$ 158,763	$ 780,399	$	$ 939,162
Foundations	**151,500**	**1,207,056**		**1,358,556**	109,000	673,970		782,970
Individuals	**653,760**	**169,386**		**823,146**	698,313	1,893,831		2,592,144
Government Grants		**388,549**		**388,549**		123,721		123,721
Big Brothers Big Sisters of America (BBBSA)	**10,000**	**497,364**		**507,364**	13,604	833,212		846,816
Program Related Events	**67,500**			**67,500**	31,000			31,000
Contributions In-Kind	**197,886**			**197,886**	116,646			116,646
	1,220,625	**3,053,155**		**4,273,780**	1,127,326	4,305,133		5,432,459
Program Service Fees	**9,008**			**9,008**	13,687			13,687
Special Events								
Special Event Revenue	**1,196,114**	**147,254**		**1,343,368**	1,212,479	223,867		1,436,346
Less Costs of Direct Benefits to Donors	**(357,344)**			**(357,344)**	(511,440)			(511,440)
	838,770	**147,254**		**986,024**	701,039	223,867		924,906
Other Revenue								
Interest Income	**1,594**		**125**	**1,719**	795		87	882
Net Assets Released from Restrictions	**2,935,644**	**(2,935,644)**		**—**	3,454,344	(3,454,344)		—
Total Revenues	**5,005,641**	**264,765**	**125**	**5,270,531**	5,297,191	1,074,656	87	6,371,934
EXPENSES								
Program Services	**3,677,422**			**3,677,422**	3,413,205			3,413,205
Support Services								
Management and General	**648,281**			**648,281**	533,957			533,957
Fundraising	**645,857**			**645,857**	734,349			734,349
	1,294,138			**1,294,138**	1,268,306			1,268,306
Total Expenses	**4,971,560**			**4,971,560**	4,681,511			4,681,511
CHANGES IN NET ASSETS	**34,081**	**264,765**	**125**	**298,971**	615,680	1,074,656	87	1,690,423
Net Assets, Beginning	**804,392**	**2,182,159**	**125,387**	**3,111,938**	188,712	1,107,503	125,300	1,421,515
NET ASSETS, ENDING	**$ 838,473**	**$ 2,446,924**	**$ 125,512**	**$ 3,410,909**	$ 804,392	$ 2,182,159	$ 125,387	$ 3,111,938

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Big Brothers Big Sisters Programs	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Total Expenses
Salaries	$ 2,075,007	$ 285,473	$ 393,170	$ 678,643	$ 2,753,650
Payroll Taxes	149,728	20,599	28,370	48,969	198,697
Employee Benefits	141,467	19,463	26,805	46,268	187,735
401(k) Employer Matching Contributions	20,423	2,810	3,870	6,680	27,103
	2,386,625	328,345	452,215	780,560	3,167,185
Annual Dues	17,582	2,419	3,331	5,750	23,332
Academic Enrichment, Scholarships and Awards	80,493				80,493
Background Checks	80,963				80,963
Bank Charges	10,067	2,516	12,584	15,100	25,167
Communications	15,213	2,093	2,883	4,976	20,189
Depreciation and Amortization	63,326	8,712	11,999	20,711	84,037
Donation to BBBSA		2,500		2,500	2,500
Equipment Expense	42,195	5,805	7,995	13,800	55,995
Insurance	41,242	10,324	2,824	13,148	54,390
Miscellaneous	1,421	196	269	465	1,886
Occupancy	287,305	53,835	39,609	93,444	380,749
Office Supplies	9,404	1,294	1,782	3,076	12,480
Postage and Shipping	3,084	424	585	1,009	4,093
Printing Expense	12,299	1,943	2,896	4,839	17,138
Professional Fees	62,503	95,266	13,315	108,581	171,084
Program Events and Activities	240,112				240,112
Program Snacks and Supplies	66,591				66,591
Program Transportation	160,586				160,586
Recruitment/Marketing	4,947	116,890	86,873	203,763	208,710
Training and Meetings	29,205	4,018	5,534	9,552	38,757
Travel	62,259	11,701	1,163	12,864	75,123
	1,290,797	319,936	193,642	513,578	1,804,375
TOTALS	$ 3,677,422	$ 648,281	$ 645,857	$ 1,294,138	$ 4,971,560

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2017

	Big Brothers Big Sisters Programs	Support Services: Management and General	Support Services: Fundraising	Support Services: 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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	**2018**	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	**$ 298,971**	$ 1,690,423
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	**84,037**	50,546
Amortization of Prepaid Lease Commissions	—	1,575
Donated Stocks	**(77,732)**	(175,491)
Proceeds from Sale of Donated Stocks	**77,732**	175,491
Deferred Rent	**(16,910)**	222,675
Other Receivables	**(514)**	50
Contributions Receivable	**573**	11,764
Government Grants Receivable	**(183,343)**	48,737
Unconditional Promises to Give	**(60,803)**	(1,072,274)
Prepaid Expenses	**(15,478)**	6,015
Accounts Payable	**(15,566)**	(6,738)
Accrued Liabilities	**(113,182)**	150,046
Deferred Revenue	**(12,000)**	3,000
Total Adjustments	**(333,186)**	(584,604)
Net Cash Provided (Used) by Operating Activities	**(34,215)**	1,105,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Restricted Cash	**(125)**	(87)
Purchase of Property and Equipment	**(7,898)**	(383,967)
Net Cash Used by Investing Activities	**(8,023)**	(384,054)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(42,238)**	721,765
Cash and Cash Equivalents, Beginning	**1,247,912**	526,147
CASH AND CASH EQUIVALENTS, ENDING	**$ 1,205,674**	$ 1,247,912

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. One donor contributed 14% of total revenues for the year ended June 30, 2018. Two donors contributed 30% of total revenues for the year ended June 30, 2017.

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 an annual 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. The Board has designated $725,000 for an operating reserve at June 30, 2018 and $975,000 at June 30, 2017.

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 8).

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, if any.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 and 2017. Receivables are charged to bad debt expense or loss when deemed uncollectible.

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 $197,886 for 2018 included legal services of $28,882, IT services of $5,000, accounting services of $6,750, advertising of $35,000, supplies of $28,491, and $93,763 of event tickets and food used for program activities. In-kind contributions of $116,646 for 2017 included 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.

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 78,551 hours in 2018 and 69,275 in 2017. An approximate economic value for this volunteer time contributed for the State of Illinois is $26.02 and $25.95 per hour using the most recent data released by the U.S. Bureau of Labor Statistics for 2017 and 2016, respectively. Applying this rate, the Organization's volunteer mentor services would be valued at $2,043,897 for 2018 and $1,797,686 for 2017. Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as 82% of total Organization expenses and support services as 18% for 2018, and 80% and 20% for 2017, respectively. Program and support services as a percentage of total Organization expenses in the audited financial statements are 74% and 26% for 2018, respectively and 73% and 27%, respectively for 2017.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Note 8).

NOTE 4—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of amounts receivable in:

	2018	2017
Less than One Year	**$ 1,198,590**	$ 961,135
One to Five Years	**755,823**	953,890
	1,954,413	1,915,025
Less: Discount to Net Present Value	**36,341**	57,756
Net Pledges Receivable	**1,918,072**	1,857,269
Less Current Portion	**1,198,590**	961,135
Long-Term Portion	**$ 719,482**	$ 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, 2018 and 2017.

NOTE 5—PROPERTY AND EQUIPMENT

Depreciable and amortizable assets at June 30 consist of:

	2018	2017
Furniture and Fixtures	**$ 44,901**	$ 44,901
Phone System	**34,535**	34,535
IT Equipment and Server	**166,839**	141,941
Office Build-out	**339,910**	339,910
Construction in Progress	**-**	17,000
	586,185	578,287
Less Accumulated Depreciation and Amortization	**253,939**	169,902
	$ 332,246	$ 408,385

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, 2019. 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, 2018 and 2017. Interest is payable monthly on the outstanding balance at the bank's prime lending rate (5.00% at June 30, 2018). As there were no borrowings for the years ended June 30, 2018 and 2017, there was no interest expense.

NOTE 7—TEMPORARILY RESTRICTED NET ASSETS

	2018	2017
Impact Campaign	**$ 1,720,955**	$ 1,399,813
Legacy Award	**—**	25,000
Programs in Highland Park	**41,500**	41,000
Site Based – Accenture	**10,000**	—
Site Based – Abbvie	**20,000**	—
Site Based – Bank of America	**20,000**	20,000
Site Based – Berger Schatz	**10,000**	—
Site Based – Blue Cross Blue Shield	**20,000**	20,000
Site Based – BNY Mellon	**25,000**	25,000
Site Based – Cardinal Health	**5,000**	4,500
Site Based – Chicago Housing Authority	**—**	40,000
Site Based – Comcast Foundation	**5,000**	5,000
Site Based – Deloitte	**4,000**	—
Site Based – DRW Trading	**25,000**	25,000
Site Based – Ernst & Young	**—**	15,000
Site Based – Palatine	**—**	1,500
Site Based – Project Breakthrough	**—**	11,397
Site Based – S&C Electric	**20,000**	—
Site Based – Wells Fargo	**25,000**	25,000
Site Based – Vernon Hills	**3,000**	2,500
Site Based – Various Programs FY18	**—**	168,681
Site Based – Various Programs FY19	**62,500**	—
Community Based	**188,333**	162,030
Community Impact	**—**	5,000
High School Mentoring	**—**	10,688
Match Enrichment	**119,418**	39,911
Physical Health and Well Being Initiative	**—**	9,780
Scholarship	**5,000**	—
Time Restricted	**117,218**	125,359
	$ 2,446,924	$ 2,182,159

Amounts released from restrictions during the year ended June 30, 2018 were $2,935,644, representing $677,857 of Impact Campaign expenditures, $50,000 of legacy awards, $82,500 of programs in Highland Park, $1,448,251 of site-based expenses, $400,917 of community-based expenses, $21,438 of expenses related to high school mentoring, $96,090 of scholarships related to match enrichment, $9,780 of physical health and well-being initiative expenses, and $148,811 of time restricted net assets.

Amounts released from restrictions during the year ended June 30, 2017 were $3,454,344, representing $583,442 of Impact Campaign expenditures, $15,000 of legacy awards, $82,000 of programs in Highland Park, $1,542,339 of site-based expenses, $478,991 of community-based expenses, $3,563 of expenses related to high school mentoring, $128,372 of scholarships related to match enrichment, $15,220 of physical health and well-being initiative expenses, and $605,417 of time restricted net assets.

NOTE 8—PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENT FUNDS

The Organization's endowment consists of one permanently restricted 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:

	2018	2017
Donor-Restricted Endowment Funds	**$ 125,512**	$ 125,387

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

	2018	2017
Endowment Net Assets, Beginning of Year	**$ 125,387**	$ 125,300
Interest Income	**125**	87
Endowment Net Assets, End of Year	**$ 125,512**	$ 125,387

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 9—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, 2018, and June 30, 2017. The letter of credit was extended to March 27, 2019.

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, which ended in January 2018. 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, 2018 was $332,610, of which $3,234 was attributable to off-site storage. Rent expense for the year ended June 30, 2017 was $266,146, of which $3,173 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, 2018 and 2017.

Minimum rental commitments under noncancelable lease agreements are as follows:

Year Ending June 30	
2019	$ 280,803
2020	288,325
2021	295,847
2022	297,119
2023	304,641
Thereafter	154,201
	$ 1,620,936

NOTE 10—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 $27,103 to the plan for the year ended June 30, 2018 and $27,683 for the year ended June 30, 2017.

NOTE 11—RELATED PARTY TRANSACTIONS

Contributions from officers, former officers, board members and companies whose directors are also board members amounted to $776,276 for the year ended June 30, 2018, including $8,494 of in-kind auction and raffle donations and $26,288 of donated legal services, and $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. There were unconditional promises to give of $944,929 at June 30, 2018 and $1,266,181 at June 30, 2017 from members of the board of directors and their related companies or officers of the Organization, net of discounts.

NOTE 12—RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 13—SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 5, 2018, the date which the financial statements were available to be issued. There were no subsequent events that require disclosure.