
***BIG BROTHERS BIG SISTERS OF
EASTERN MISSOURI AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016***



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Independent Auditors' Report

Board of Directors
Big Brothers Big Sisters of Eastern Missouri
St. Louis, Missouri

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Big Brothers Big Sisters of Eastern Missouri and affiliates, all not-for-profit organizations (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

RubinBrown LLP

June 22, 2017

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	December 31,	
	2016	2015
Cash and cash equivalents	\$ 1,052,702	\$ 610,889
Promises to give (Note 3)	2,763,390	2,555,810
Grants receivable	470,298	145,096
Other receivables	26,176	16,034
Prepaid expenses	4,548	12,322
Other assets	1,500	1,500
Investments (Note 4)	3,442,599	3,791,448
Investment in 501 North Grand Condominium Association (Note 2)	120,144	126,520
Property and equipment, net (Notes 5, 8 and 9)	12,436,340	9,045,583
Note and interest receivable (Note 6)	2,695,872	—
Assets restricted for permanent investment (Notes 3, 4 and 10)	55,472	55,472
Total Assets	\$ 23,069,041	\$ 16,360,674

Liabilities And Net Assets

Liabilities

Line of credit (Note 7)	\$ —	\$ 100,000
Accounts payable and accrued expenses (Note 13)	205,314	140,719
Accounts payable - construction	563,212	302,528
Capital lease obligations (Note 8)	36,638	39,564
Debt (Note 9)	5,280,000	320,000
Total Liabilities	6,085,164	902,811

Net Assets

Unrestricted:		
Undesignated, available for operations	4,107,533	2,381,869
Board designated for investment (Note 4)	1,014,769	1,014,769
Board designated for cash management (Note 4)	—	401,648
Invested in note and interest receivable	2,695,872	—
Invested in property and equipment, net	6,696,490	8,663,491
Total Unrestricted	14,514,664	12,461,777
Temporarily restricted (Note 10)	2,413,741	2,940,614
Permanently restricted (Note 10)	55,472	55,472
Total Net Assets	16,983,877	15,457,863
Total Liabilities And Net Assets	\$ 23,069,041	\$ 16,360,674

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Years Ended December 31,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support								
Contributions (Notes 13 and 15)	\$ 763,165	\$ 2,571,537	\$ —	\$ 3,334,702	\$ 836,620	\$ 2,508,631	\$ 30,472	\$ 3,375,723
United Way allocation	1,546	542,931	—	544,477	2,395	492,132	—	494,527
Grants	1,527,394	—	—	1,527,394	800,367	—	—	800,367
In-kind contributions (Note 2)	257,625	—	—	257,625	171,379	—	—	171,379
Special events (net of direct expenses of \$47,457 and \$38,782 in 2016 and 2015, respectively)	186,783	—	—	186,783	235,720	—	—	235,720
Total Public Support	2,736,513	3,114,468	—	5,850,981	2,046,481	3,000,763	30,472	5,077,716
Revenues And Gains (Losses)								
Contract services - Amachi Initiative (Note 13)	20,400	—	—	20,400	20,400	—	—	20,400
Net investment income (loss) (Note 4)	166,958	498	—	167,456	(83,182)	—	—	(83,182)
Loss on equity method investment (Note 2)	(6,376)	—	—	(6,376)	(24,831)	—	—	(24,831)
Rental income (Note 12)	128,749	—	—	128,749	136,560	—	—	136,560
Miscellaneous income	93,077	—	—	93,077	71,383	—	—	71,383
Total Revenues And Gains (Losses)	402,808	498	—	403,306	120,330	—	—	120,330
Total Public Support, Revenues And Gains (Losses)	3,139,321	3,114,966	—	6,254,287	2,166,811	3,000,763	30,472	5,198,046
Net Assets Released From Restrictions (Note 10)	3,641,839	(3,641,839)	—	—	2,656,408	(2,656,408)	—	—
Change In Donor Intent (Note 10)	—	—	—	—	(25,000)	—	25,000	—
Total Public Support, Revenues And Gains (Losses)	6,781,160	(526,873)	—	6,254,287	4,798,219	344,355	55,472	5,198,046
Expenses								
Mentoring program	3,782,983	—	—	3,782,983	3,640,597	—	—	3,640,597
General and administrative	396,879	—	—	396,879	385,890	—	—	385,890
Fundraising	548,411	—	—	548,411	381,742	—	—	381,742
Total Expenses	4,728,273	—	—	4,728,273	4,408,229	—	—	4,408,229
Increase (Decrease) In Net Assets	2,052,887	(526,873)	—	1,526,014	389,990	344,355	55,472	789,817
Net Assets - Beginning Of Year	12,461,777	2,940,614	55,472	15,457,863	12,071,787	2,596,259	—	14,668,046
Net Assets - End Of Year	\$ 14,514,664	\$ 2,413,741	\$ 55,472	\$ 16,983,877	\$ 12,461,777	\$ 2,940,614	\$ 55,472	\$ 15,457,863

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Years Ended December 31,

	2016				2015			
	Mentoring Program	General And Administrative	Fundraising	Total	Mentoring Program	General And Administrative	Fundraising	Total
Salaries	\$ 2,037,962	\$ 210,026	\$ 272,903	\$ 2,520,891	\$ 1,958,036	\$ 209,932	\$ 244,194	\$ 2,412,162
Payroll taxes	150,864	15,548	20,202	186,614	144,394	15,481	18,009	177,884
Employee benefits	268,734	27,695	35,986	332,415	274,329	29,412	34,213	337,954
Amachi Initiative*	3,853	36,000	—	39,853	1,806	36,000	—	37,806
Background checks	13,377	—	—	13,377	15,459	—	—	15,459
Bad debts	—	25,882	—	25,882	—	6,398	—	6,398
Conferences and travel	69,318	—	22,189	91,507	48,115	—	11,766	59,881
Depreciation and amortization (Note 5)	217,479	22,413	29,123	269,015	210,220	22,539	26,217	258,976
Equipment repairs	32,405	3,340	4,340	40,085	10,856	1,164	1,354	13,374
In-kind materials (Note 2)	256,875	—	—	256,875	170,227	—	—	170,227
In-kind services (Note 2)	750	—	—	750	1,152	—	—	1,152
Insurance	30,719	3,166	4,114	37,999	59,262	6,354	7,390	73,006
Interest (Notes 7, 8 and 9)	26,350	2,716	3,529	32,595	11,816	1,267	1,474	14,557
Mileage	26,746	342	1,973	29,061	20,388	342	1,784	22,514
Miscellaneous	22,976	2,088	—	25,064	23,262	2,218	—	25,480
Occupancy	195,979	20,197	26,243	242,419	194,652	20,870	24,276	239,798
Organization dues	49,885	—	—	49,885	47,189	—	—	47,189
Postage	9,065	824	—	9,889	10,649	1,015	—	11,664
Printing	64,977	5,906	51,537	122,420	103,289	9,846	—	113,135
Professional fees								
Accounting	42,265	3,841	—	46,106	43,795	4,175	—	47,970
Consulting	32,115	2,919	—	35,034	7,162	683	—	7,845
Staffing	4,974	—	—	4,974	5,759	—	—	5,759
Other (Note 2)	68,170	6,196	66,164	140,530	91,064	8,681	—	99,745
Supplies and office	12,257	1,263	1,641	15,161	10,381	1,114	1,294	12,789
Telephone	21,576	2,224	2,889	26,689	24,332	2,609	3,035	29,976
Utilities	41,651	4,293	5,578	51,522	54,006	5,790	6,736	66,532
Volunteer activities	81,661	—	—	81,661	98,997	—	—	98,997
	\$ 3,782,983	\$ 396,879	\$ 548,411	\$ 4,728,273	\$ 3,640,597	\$ 385,890	\$ 381,742	\$ 4,408,229

* Expenses include lobbying (\$36,000 for both 2016 and 2015), conference and travel (\$1,843 and \$1,750 for 2016 and 2015, respectively) and printing (\$2,010 and \$56 for 2016 and 2015, respectively).

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2016	2015
Cash Flows From Operating Activities		
Increase in net assets	\$ 1,526,014	\$ 789,817
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Bad debt expense	25,882	6,398
Depreciation and amortization	269,015	258,976
Loss on disposal of property and equipment	—	768
Imputed interest on capital lease obligations	2,916	2,993
Contributions restricted for endowment	—	(55,472)
Contributions restricted for capital campaign (including adjustment to discount on long-term promises to give)	(512,305)	(648,937)
Realized losses on investments	21,922	37,134
Unrealized (gains) losses on investments	(88,196)	186,286
Loss on equity method investment	6,376	24,831
Changes in assets and liabilities:		
(Increase) decrease in promises to give	(704,150)	87,483
Increase in grants receivable	(325,202)	(26,078)
Decrease in prepaid expenses	7,774	24,594
Increase in interest receivable	(6,872)	—
Increase in other receivables	(10,142)	(13,251)
Increase (decrease) in accounts payable and accrued expenses	64,595	(20,606)
Net Cash Provided By Operating Activities	277,627	654,936
Cash Flows From Investing Activities		
Purchase of property and equipment	(3,379,310)	(375,773)
Proceeds from sale of investments	622,280	—
Purchase of investments	(253,157)	(158,450)
Net Cash Used In Investing Activities	(3,010,187)	(534,223)
Cash Flows From Financing Activities		
Collection of contributions restricted for endowment	46,000	2,472
Collection of contributions restricted for capital campaign	982,993	291,895
Borrowings on line of credit	665,000	585,000
Repayment of line of credit borrowings	(765,000)	(625,000)
Borrowings on debt	2,460,000	40,000
Repayment of debt borrowings	(1,340,000)	(140,000)
Principal payments on capital lease obligations	(25,620)	(21,115)
Proceeds from loan payable	3,840,000	—
Issuance of note receivable	(2,689,000)	—
Net Cash Provided By Financing Activities	3,174,373	133,252
Net Increase In Cash And Cash Equivalents	441,813	253,965
Cash And Cash Equivalents - Beginning Of Year	610,889	356,924
Cash And Cash Equivalents - End Of Year	\$ 1,052,702	\$ 610,889
Supplemental Disclosure Of Cash Flow Information		
Purchase of equipment under capital lease agreements	\$ 19,778	\$ 20,595
Property and equipment acquisitions included in accounts payable	563,212	302,528
Interest paid	32,595	14,557

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2016 And 2015

1. Organization And Operations

Big Brothers Big Sisters of Eastern Missouri (BBBSEMO) is a not-for-profit corporation organized to promote the welfare of children and to advance and promote public interest in children. BBBSEMO accomplishes this by providing professionally screened volunteers to serve as positive role models in one-to-one friendships with youth ages 5 to 25. BBBSEMO was founded locally in 1914 and serves youth residing in St. Louis City, St. Louis County, St. Charles County, Jefferson County, Scott County and Cape Girardeau and has offices in St. Louis City, St. Charles and Cape Girardeau.

Mentor Missouri, Inc. (Mentor Missouri) is a not-for-profit corporation formed by BBBSEMO on July 5, 2007, to promote and support the charitable activities of BBBSEMO. Mentor Missouri acts as a financial conduit for BBBSEMO to make investments which promote BBBSEMO's efforts to foster youth mentoring, as described in Note 14.

ABCToday Inc. (ABCToday) is a not-for-profit corporation formed by BBBSEMO on January 5, 2015, to promote, advance, and support education and educational outcomes for youth. ABCToday had no activity during 2016 and 2015.

BBBSEMO's primary sources of revenue are contributions and grants.

In addition, BBBSEMO is the recipient of a number of awards, including the following:

- For five years, 2013 - 2017, BBBSEMO has been named a Gold Standard Agency in recognition of demonstrated exemplary achievement and quality outcomes for the children and families served. This is an elite distinction achieved by only a small number of BBBS agencies.
- In 2016, BBBSEMO received Charity Navigator Four Star Designation, the highest designation a non-profit can achieve.
- In 2015, BBBSEMO was celebrated by the White House for the fourth time when two Little Sisters were selected to represent BBBSEMO at the First Lady's 2015 "Beating the Odds Summit".
- In 2014, BBBSEMO celebrated 100 years of service to the children of St. Louis.

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

2. Summary Of Significant Accounting Policies

Principles Of Consolidation

The accompanying consolidated financial statements include the accounts of BBBSEMO and its affiliates, Mentor Missouri and ABCToday (collectively, the Organization). All significant inter-entity investments, transactions and account balances have been eliminated in consolidation.

Basis Of Accounting

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis Of Presentation

Consolidated financial statement presentation follows guidance set forth by generally accepted accounting principles for not-for-profit organizations, which require the Organization to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Estimates And Assumptions

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash And Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments with original maturities of three months or less.

The Organization maintains cash and cash equivalents at financial institutions with strong credit ratings. At times, such investments may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000 per financial institution. At December 31, 2016, cash and cash equivalents in excess of FDIC insurance limits approximated \$790,000.

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Promises To Give And Grants Receivable

Unconditional promises to give are recognized as support in the period the promises are received and are recorded at the present value of the estimated future cash flow. Conditional promises to give, which depend on specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met.

Grants receivable, consisting of grants from federal and nonfederal government agencies, are recognized as revenue in the period the grants are earned.

Promises to give and grants receivable are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. Management believes that no valuation allowances are necessary for promises to give or grants receivable at December 31, 2016 or 2015.

Investments

Investments are reported at fair value. The fair values of securities are based on quoted market prices on national exchanges. Investments for which quoted market prices are not available are carried at estimated realizable values as determined by the investment manager and reviewed by management. Gains and losses on sales of investments are determined on the average cost method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

Investment In 501 North Grand Condominium Association

BBBSEMO is a member of 501 North Grand Condominium Association, an entity established to manage, operate and maintain the building. This investment is carried at cost adjusted for BBBSEMO's share of earnings or losses subsequent to acquisition (i.e. the equity method).

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

The following is a summary of selected financial information for this entity:

	As of December 31, 2016			As of December 31, 2015		
	Total	Total	Total	Total	Total	Total
501 North Grand Condominium Association	\$ 115,479	\$ —	\$ 115,479	\$ 124,433	\$ —	\$ 124,433

	Ownershi	For The Years Ended December 31,					
		2016			2015		
		Revenues	Net Loss	Allocated Share Of	Revenues	Net Loss	Allocated Share Of
501 North Grand Condominium Association	71.21%	\$ 215,701	\$ (8,954)	\$ (6,376)	\$ 231,457	\$ (34,870)	\$ (24,831)

Property And Equipment

Property and equipment acquired in excess of \$2,000 are carried at cost if purchased or fair value at date of donation, less accumulated depreciation and amortization computed using the straight-line method over the following estimated useful lives:

Building	40 years
Building improvements	30 years
Computer equipment	3 - 7 years
Software	5 years
Furniture and fixtures	7 - 15 years

Assets held under capital leases are recorded at the lesser of the net present value of the minimum lease payments or the fair value of the leased assets at the inception of the lease. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

The Organization incurred costs of \$35,034 and \$7,845 in the development of the ABC Intelligence tool during the years ended December 31, 2016 and 2015, respectively, which are included in professional fees - other on the consolidated statement of functional expenses. The Organization expenses all development costs incurred until technological feasibility has been established, which has not occurred as of December 31, 2016.

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Note And Interest Receivable

Note and interest receivable is stated at the amount management expects to collect from balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of the note. Management's periodic evaluation of the adequacy of the allowance is based on the note's past performance, known and other inherent risks, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Balances still outstanding after management has used reasonable collection efforts will be written off through a charge to the valuation allowance and a credit to note and interest receivable. Based on management's assessment of its credit history and current relationship with the borrower, management does not believe an allowance is necessary as of December 31, 2016.

Donated Services And Facilities

The donated use of facilities and donated materials are recorded at fair value at the date of donation.

The Organization periodically receives materials, including supplies and tickets to cultural and sporting events, which are used in the mentoring program. The fair value of donated materials was \$256,875 and \$170,227 in 2016 and 2015, respectively.

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are performed by individuals possessing these skills, and would typically need to be purchased if not provided by donation. The fair market value of donated services was \$750 and \$1,152 in 2016 and 2015, respectively.

The Organization generates numerous volunteer hours each year that add a dimension to the quality of life for individuals served by the Organization over and above the amount provided by salaried personnel. These donated services have not been recognized as contributions in the consolidated financial statements since the aforementioned recognition criteria, as stated by generally accepted accounting principles, were not met.

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Restricted And Unrestricted Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. The Organization has adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying consolidated financial statements:

Program Services

Mentoring Program: BBBSEMO is the oldest and largest one-to-one mentoring organization in the state of Missouri. Additionally, with more than 2,250 young people served annually in one-to-one mentoring relationships, BBBSEMO is the 6th largest affiliate in the Big Brothers Big Sisters of America (BBBS) federation of 310 agencies.

Supporting Activities

General And Administrative: Provides the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the Organization, and manage the financial and budgetary responsibilities of the Organization.

Fundraising: Provides the structure necessary to encourage and secure private financial support from individuals, organizations, corporations, and public agencies for operations.

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Functional Expense Allocation

Expenses which are directly identifiable as related to specific functions are charged to those specific functions. Expenses related to multiple functions are allocated to those multiple functions based on an analysis of personnel time and related activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Tax Status

BBBSEMO and Mentor Missouri are exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code. ABCToday has filed its application to be exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code, which is currently being processed.

The Organization's federal tax returns for tax years 2013 and later remain subject to examination by taxing authorities.

Reclassifications

Certain 2015 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2016 consolidated financial statements.

Subsequent Events

Management evaluates subsequent events through the date the consolidated financial statements were available for issue, which is the date of the Independent Auditors' Report.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

3. Promises To Give

Promises to give are collectible as follows:

	<u>2016</u>	<u>2015</u>
Less than one year		
United Way	\$ 515,431	\$ 465,281
Building rooftop project	172,555	338,494
Capital campaign	22,500	23,500
Endowment	6,000	42,000
Other	1,054,253	873,802
	<u>1,770,739</u>	<u>1,743,077</u>
One to five years		
Building rooftop project	301,500	628,000
Endowment	1,000	11,000
Other	728,565	258,500
	<u>1,031,065</u>	<u>897,500</u>
Discount to record promise to give at present value	<u>(31,414)</u>	<u>(31,767)</u>
	<u>\$ 2,770,390</u>	<u>\$ 2,608,810</u>

A discount rate of 2% has been used to record the promises to give at the present value of estimated future cash flows.

Promises to give are reflected on the consolidated statement of financial position as follows:

	<u>2016</u>	<u>2015</u>
Promises to give	\$ 2,763,390	\$ 2,555,810
Assets restricted for permanent investment	7,000	53,000
	<u>\$ 2,770,390</u>	<u>\$ 2,608,810</u>

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

4. Investments

Investments consist of the following:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Mutual funds:				
World stock	\$ 292,715	\$ 293,131	\$ 284,554	\$ 250,335
Large cap growth	341,404	388,654	328,427	371,532
Large cap blend	381,484	432,840	364,331	390,060
Large cap value	536,010	603,846	413,358	466,518
Mid cap growth	—	—	282,857	264,108
Ultrashort bonds	265,903	264,556	224,706	221,540
Short-term bonds	13,395	13,160	13,150	12,832
Intermediate-term bonds	579,679	548,999	663,735	637,646
Nontraditional bonds	278,267	266,592	272,190	252,049
Inflation-protected bonds	273,952	266,667	509,668	494,289
Exchange traded funds:				
Short-term government bond index	372,022	377,126	368,881	373,011
Debt securities:				
Corporate bonds	100,040	35,500	100,059	60,000
	<u>\$ 3,434,871</u>	3,491,071	<u>\$ 3,825,916</u>	3,793,920
Less: Assets restricted for permanent investment (Note 10)		<u>48,472</u>		<u>2,472</u>
		<u>\$ 3,442,599</u>		<u>\$ 3,791,448</u>

Investments are allocated within the net asset classes as follows:

	2016	2015
Undesignated	\$ 2,427,332	\$ 2,375,031
Board designated for investment	1,014,769	1,014,769
Board designated for cash management	—	401,648
Total Unrestricted	3,442,101	3,791,448
Temporarily restricted	498	—
Permanently restricted	48,472	2,472
	<u>\$ 3,491,071</u>	<u>\$ 3,793,920</u>

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Net investment income (loss) consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 121,009	\$ 161,230
Realized losses on sale of investments	(21,922)	(37,134)
Unrealized gains (losses) on investments	88,196	(186,286)
Investment management fees	(19,827)	(20,992)
	<u>\$ 167,456</u>	<u>\$ (83,182)</u>

In 2016, interest and dividends above include \$11,354 of interest income on the note receivable (Note 6).

The Organization accounts for investments at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset.
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

- Level 1* Quoted prices that are readily available in active markets/ exchanges for identical investments.
- Level 2* Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

Level 3 Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the major categories of assets measured at fair value on a recurring basis during the years ended December 31, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
World stock	\$ 293,131	\$ —	\$ —	\$ 293,131
Large cap growth	388,654	—	—	388,654
Large cap blend	432,840	—	—	432,840
Large cap value	603,846	—	—	603,846
Ultrashort bonds	264,556	—	—	264,556
Short-term bonds	13,160	—	—	13,160
Intermediate-term bonds	548,999	—	—	548,999
Nontraditional bonds	266,592	—	—	266,592
Inflation-protected bonds	266,667	—	—	266,667
Exchange traded funds:				
Short-term government bond index	377,126	—	—	377,126
Debt securities:				
Corporate bonds	—	35,500	—	35,500
	\$ 3,455,571	\$ 35,500	\$ —	\$ 3,491,071

	2015			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
World stock	\$ 250,335	\$ —	\$ —	\$ 250,335
Large cap growth	371,532	—	—	371,532
Large cap blend	390,060	—	—	390,060
Large cap value	466,518	—	—	466,518
Mid cap growth	264,108	—	—	264,108
Ultrashort bonds	221,540	—	—	221,540
Short-term bonds	12,832	—	—	12,832
Intermediate-term bonds	637,646	—	—	637,646
Nontraditional bonds	252,049	—	—	252,049
Inflation-protected bonds	494,289	—	—	494,289
Exchange traded funds:				
Short-term government bond index	373,011	—	—	373,011
Debt securities:				
Corporate bonds	—	60,000	—	60,000
	\$ 3,733,920	\$ 60,000	\$ —	\$ 3,793,920

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Investments carried at fair value are categorized as Level 1 for fair value purposes, except for corporate bonds which are categorized as Level 2. These assets utilize the following valuation techniques and inputs:

Corporate bonds: The fair value of investments in corporate bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

During 2016 and 2015, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets.

5. Property And Equipment

Property and equipment consists of:

	<u>2016</u>	<u>2015</u>
Land	\$ 91,000	\$ 91,000
Building and building improvements (Note 14)	11,732,297	8,295,016
Computer equipment and software	217,823	230,489
Furniture and fixtures	558,087	316,185
	<u>12,599,207</u>	<u>8,932,690</u>
Less: Accumulated depreciation and amortization	871,158	636,699
	<u>11,728,049</u>	<u>8,295,991</u>
 Construction in progress	 708,291	 749,592
	<u><u>\$ 12,436,340</u></u>	<u><u>\$ 9,045,583</u></u>

Depreciation and amortization charged to expense amounted to \$269,015 and \$258,976 in 2016 and 2015, respectively.

The Organization has entered into construction and professional service contracts totaling approximately \$4,297,000 to develop additional building space. As of December 31, 2016, \$708,291 was included in construction in progress. As of December 31, 2015, \$749,592 had been incurred and was included in construction in progress.

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

6. Note And Interest Receivable

At December 31, 2016, note and interest receivable consists of a \$2,689,000 note receivable from USBCDC Investment Fund 175, LLC (the Investment Fund) to Mentor Missouri with an origination date of August 2, 2016. During the year ended December 31, 2016, \$2,689,000 was loaned to the Investment Fund. The note accrues interest at an annual rate of 1%, with quarterly payments of accrued interest due. Commencing March 10, 2024, quarterly principal and interest payments of \$33,344 shall be due with the final payment of principal and accrued interest due on the note's maturity on August 1, 2046. The note is secured primarily by the Investment Fund's membership interest in St. Louis New Markets Tax Credit Fund 42, LLC. At December 31, 2016, principal of \$2,689,000 and accrued interest of \$6,872 were outstanding.

7. Line Of Credit

The Organization has a line of credit with a bank with maximum borrowings of \$1,200,000. This line of credit is secured by substantially all assets of BBBSEMO. Borrowing under the original line of credit bore interest at a rate equal to the LIBOR monthly rate plus 2.25%. The line of credit was renewed in July 2015 under the same terms and expired in July 2016. In July 2016, the line of credit was again renewed. The new borrowing bears interest at the LIBOR monthly rate plus 1.95% (2.67% at December 31, 2016) and matures in July 2017. There was no outstanding balance at December 31, 2016. At December 31, 2015, \$100,000 was outstanding.

Interest expense amounted to \$3,812 and \$4,686 in 2016 and 2015, respectively.

8. Capital Lease Obligations

The Organization has leases for computer equipment, which are accounted for as capital leases, expiring between July 2017 and August 2019. The assets and liabilities under these capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation and amortization expense.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

Following is a summary of equipment held under capital leases:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 85,535	\$ 65,757
Less: Accumulated amortization	(48,104)	(26,823)
	<u>\$ 37,431</u>	<u>\$ 38,934</u>

The interest rates on the capitalized leases range from 2.6% to 13.9%, which were imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. Imputed interest on these capital lease obligations was \$2,916 and \$2,993 in 2016 and 2015, respectively. The capital leases allow for a purchase option representing the expected fair value of the equipment at the expiration of the lease terms.

Future minimum lease payments under the capital leases as of December 31, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 23,295
2018	11,351
2019	4,916
Total minimum lease payments	39,562
Less: Amounts representing interest	2,924
	<u>\$ 36,638</u>

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

9. Debt

Loan financing is being provided by a bank under a loan commitment of \$800,000. This note is secured by non-real estate assets and bears interest at the LIBOR monthly rate plus 1.95% (2.67% at December 31, 2016). Under the loan agreement, principal payments were due in two installments: \$140,000 was due in January 2016 and the remaining principal and accrued interest balance was due upon maturity in July 2016. In July 2016, the loan was refinanced under similar terms except for a change in future loan payments: remaining principal of \$140,000 as well as any accrued interest is now due in January 2017. At December 31, 2016 and 2015, \$140,000 and \$320,000, respectively, was outstanding. Interest expense amounted to \$3,817 and \$6,878 in 2016 and 2015, respectively.

During 2015, the Organization obtained additional financing from a bank with maximum borrowings of \$2,500,000. This note is secured by substantially all assets of BBBSEMO. Borrowing under the note bears interest at a rate equal to the LIBOR monthly rate plus 1.95% (2.67% at December 31, 2016), and interest payments are due monthly. Beginning in July 2017, the note requires annual principal payments of one-sixth of the outstanding principal balance as of July 27, 2017, with all outstanding interest and principal due in July 2022. Interest of \$37,933 was capitalized in 2016. No interest was capitalized in 2015 as the Organization did not draw funds until December 2015. At December 31, 2016 and 2015, \$1,300,000 and \$40,000, respectively, was outstanding.

Future required principal payments on this note are as follows:

Year	Amount
2017	\$ 216,667
2018	216,667
2019	216,667
2020	216,667
2021	216,667
Thereafter	216,665
	<hr/>
	\$ 1,300,000

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

Loan financing is being provided by St. Louis New Markets Tax Credit Fund 42, LLC (the Tax Credit Fund) under a loan commitment of \$3,840,000 to finance the construction and renovation of the Organization’s restaurant and rooftop spaces. This loan is secured primarily by a security interest and lien in all of the Organization’s personal property and fixtures within these spaces and a right to the revenues generated from these spaces. This loan bears interest at a rate of 1.36% per annum with quarterly interest payments due. Commencing March 1, 2024, quarterly principal and interest payments of \$34,652 shall be due, with a final principal and interest payment due upon the loan’s maturity on December 30, 2022. This loan may not be prepaid in whole or in part at any time prior to December 30, 2022. On a semi-annual basis, the Organization must certify to the Tax Credit Fund the Organization’s compliance with New Markets Tax Credit (NMTC) compliance requirements, including that the Organization remains a Qualified Active-Low Income Community Business (QALICB). At December 31, 2016, principal of \$3,840,000 and was outstanding. Interest incurred and paid during 2016 amounted to \$22,050.

10. Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Purpose Restricted:		
Mentoring program	\$ 1,279,080	\$ 297,817
United Way allocation	27,500	26,851
Unappropriated endowment earnings	498	—
Building rooftop project (net of discount of \$22,751 in 2015)	—	1,308,580
	<u>1,307,078</u>	<u>1,633,248</u>
Time Restricted:		
United Way allocation	487,931	438,430
Corporate contributions	444,000	700,651
Multi-year promises to give (net of discounts of \$31,414 and \$9,016, respectively)	174,732	168,285
	<u>1,106,663</u>	<u>1,307,366</u>
	<u>\$ 2,413,741</u>	<u>\$ 2,940,614</u>

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Net assets were released from restrictions as follows:

	<u>2016</u>	<u>2015</u>
Purpose Restrictions:		
Mentoring program	\$ 682,559	\$ 1,287,183
United Way allocation	54,351	85,551
Building rooftop project	1,820,884	105,500
	<u>2,557,794</u>	<u>1,478,234</u>
Time Restrictions:		
United Way allocation	438,430	413,231
Corporate contributions	479,151	592,339
Multi-year promises to give	166,464	172,604
	<u>1,084,045</u>	<u>1,178,174</u>
	<u>\$ 3,641,839</u>	<u>\$ 2,656,408</u>

Permanently Restricted Net Assets

The Organization's endowment consists of a donor-restricted endowment fund established to fund the operations, capital and scholarship activities of the Organization. As required by accounting standards, assets associated with endowment funds, are classified and reported based on the existence or absence of donor imposed restrictions.

During 2015, a donor changed the intent of a \$25,000 pledge made in a prior year to be permanently restricted.

Interpretation Of Relevant Law

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 gifts as of the 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. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization 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 Organization; and
- (7) The investment policies of the Organization.

Endowment Asset Composition By Type Of Fund As Of December 31:

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment fund	\$ —	\$ 498	\$ 48,472	\$ 48,970

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment fund	\$ —	\$ —	\$ 2,472	\$ 2,472

Changes In Endowment Assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets - January 1, 2015	\$ —	\$ —	\$ —	\$ —
Proceeds from contributions restricted for endowment	—	—	2,472	2,472
Endowment assets - December 31, 2015	—	—	2,472	2,472
Proceeds from contributions restricted for endowment	—	—	46,000	46,000
Investment return:				
Interest and dividends	—	376	—	376
Unrealized gains	—	122	—	122
	—	498	—	498
Endowment assets - December 31, 2016	\$ —	\$ 498	\$ 48,472	\$ 48,970

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Funds With Deficiencies

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donors require the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature related to market fluctuations are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2016 or 2015.

Return Objectives And Risk Parameters

The goals of the Organization's investment policy are to manage the Organization's investment portfolio for preservation of capital with a small portion invested in the equity market. Specifically, the investment policy shall offer the necessary guidelines to attain the following goals and objectives: a) safety of funds invested; b) adequate liquidity through marketability and appropriate schedules of maturing investments; c) reasonable total return on all funds invested; and d) full employment of all available funds in earning assets.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation of 60% allocated to treasuries, government bonds, CDs and/or AAA corporate paper and 40% allocated to balanced mutual funds including exchange traded funds, I shares, and index funds.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Organization's investment and spending policies are designed to preserve the value of endowment assets against inflation. The current spending policy is a draw of five percent of the average of the previous 12 quarters ending endowment value. The minimum draw rate is 4% of the average of previous 12 quarters ending endowment value and the maximum draw rate is 6% of the average of the previous 12 quarters ending endowment value. No amounts were appropriated in 2016 or 2015.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

11. Employee Retirement Plan

The Organization's employees may be eligible to receive pension benefits under a 401(k) retirement plan. Employees who have one year of service and are age 18 or older are eligible to receive employer contributions. The Organization provides a matching contribution up to 3% of the employee's salary deferral. Employer contributions to the plan were \$51,287 and \$53,360 for the years ended December 31, 2016 and 2015, respectively.

12. Lease Commitments

The Organization leases office space in St. Peters, Missouri and Cape Girardeau, Missouri under operating leases expiring on various dates through 2020.

At December 31, 2016, future minimum lease payments under noncancellable operating leases are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 21,462
2018	18,000
2019	18,000
2020	1,500
	<u>\$ 58,962</u>

Rent expense under operating leases was \$31,848 and \$31,228 for the years ended December 31, 2016 and 2015, respectively.

Since the acquisition of the building in 2014, the Organization has been negotiating a lease agreement with the building's existing tenant. In 2017, a lease agreement was executed through March 2018. \$128,749 and \$136,560 of rental income was recognized from this tenant in 2016 and 2015, respectively. Future minimum rents to be received, based on this lease agreement, are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 98,968
2018	32,989
	<u>\$ 131,957</u>

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

13. Related Party Transactions

The Organization coordinates the Amachi Initiative for the state of Missouri with other Big Brothers Big Sisters affiliates in Missouri. The Organization incurs costs related to this Initiative and charges fees to the other agencies in proportion to their share of the revenues. The Organization receives the funds from the state and distributes to the other agencies accordingly. At December 31, 2016, \$31,823 of funding was due to these agencies and is included in accounts payable and accrued expenses on the consolidated statement of financial position. No amount was due at December 31, 2015.

The Organization receives a significant amount of support from its Board of Directors (including their related organizations and companies). Such support totaled approximately \$529,000 and \$2,231,000 during 2016 and 2015, respectively.

14. Building Project

On August 2, 2016, BBSEMO and its affiliate, Mentor Missouri, entered into a New Market Tax Credit (NMTC) transaction to provide funds for the expansion of the existing building and to complete the Organization's vision for the building to serve as a community gathering place by constructing a rooftop restaurant and event space. This was accomplished through the Organization's fundraising efforts, borrowings from outside lenders, and borrowings from the Tax Credit Fund as described in Note 9.

The transaction also included a guaranty agreement on behalf of US Bancorp Community Development Corporation (USBCDC) and a put and call agreement with USBCDC as described below.

BBSEMO is a Qualified Active Low-Income Community Business (QALICB). As a result, BBSEMO guarantees New Markets Tax Credit (NMTC) compliance in connection with the loan obtained from St. Louis New Markets Tax Credit Fund 42, LLC (Note 9) to prevent recapture of these credits. In addition, BBSEMO has made other guarantees for the benefit of USBCDC, such as payment of the NMTC Guaranteed Amount, environmental indemnification, etc. The maximum potential amount of future payments cannot readily be determined due to the nature of these guarantees.

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

Notes To Consolidated Financial Statements (*Continued*)

BBBSEMO entered into a Put and Call Agreement with USBCDC, which includes both a “put” and a “call” option. These options are expected to be exercised and will ultimately result in BBBSEMO owning USBCDC’s interest in USBCDC Investment Fund 75, LLC, including the note receivable from Mentor Missouri (Note 6), as well as the debt to BBBSEMO (Note 9). This ownership acquisition will allow BBBSEMO to “collapse” the NMTC deal, repaying all outstanding obligations with no additional capital outlay.

15. Concentrations

In 2016 and 2015, the Organization received approximately 14% and 20%, respectively, of its total public support from one donor in each respective year.

Independent Auditors' Report On Supplementary Information

Board of Directors
Big Brothers Big Sisters of Eastern Missouri
St. Louis, Missouri

We have audited the consolidated financial statements of Big Brothers Big Sisters of Eastern Missouri and affiliates as of and for the years ended December 31, 2016 and 2015, and our report thereon dated June 22, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Operating Results Comparison (With 2017 Budget) and The Community And Children's Resource Board Of St. Charles County - Schedule of Project Unit Costs, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The Consolidated Operating Results Comparison (With 2017 Budget) has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Community And Children's Resource Board Of St. Charles County - Schedule of Project Unit Costs was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information, except for the total units served, has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The total units served have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

June 22, 2017

BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI AND AFFILIATES

CONSOLIDATED OPERATING RESULTS COMPARISON (WITH 2017 BUDGET)

	2017 Budget (Unaudited)	Consolidated Statement Of Activities	
		2016	2015
Public Support, Revenues And Gains (Losses)			
Contributions	\$ 1,717,000	\$ 3,334,702	\$ 3,375,723
United Way allocation	490,000	544,477	494,527
Grants	1,523,000	1,527,394	800,367
In-kind contributions	—	257,625	171,379
Special events (net)	250,000	186,783	235,720
Contract services - Amachi Initiative	40,000	20,400	20,400
Net investment income (loss)	50,000	167,456	(83,182)
Loss on equity method investment	—	(6,376)	(24,831)
Earned income	411,000	221,826	207,943
Total Public Support, Revenues And Gains (Losses)	4,481,000	6,254,287	5,198,046
Expenses			
Salaries	2,759,000	2,520,891	2,412,162
Payroll taxes	206,000	186,614	177,884
Employee benefits	373,000	332,415	337,954
Amachi Initiative	40,000	39,853	37,806
Background checks	16,000	13,377	15,459
Bad debts	—	25,882	6,398
Conferences and travel	60,000	91,507	59,881
Depreciation and amortization	—	269,015	258,976
Equipment repairs	—	40,085	13,374
In-kind materials	—	256,875	170,227
In-kind services	—	750	1,152
Insurance	64,000	37,999	73,006
Interest	30,000	32,595	14,557
Mileage	30,000	29,061	22,514
Miscellaneous	35,000	25,064	25,480
Occupancy	396,000	242,419	239,798
Organization dues	57,000	49,885	47,189
Postage	20,000	9,889	11,664
Printing	294,000	122,420	113,135
Professional fees			
Accounting	46,000	46,106	47,970
Consulting	88,000	35,034	7,845
Lobbying	20,000	—	—
Staffing	6,000	4,974	5,759
Other	48,000	140,530	99,745
Supplies and office	19,000	15,161	12,789
Telephone	37,000	26,689	29,976
Utilities	—	51,522	66,532
Volunteer activities	60,000	81,661	98,997
Total Expenses	4,704,000	4,728,273	4,408,229
Increase (Decrease) In Net Assets	\$ (223,000)	\$ 1,526,014	\$ 789,817

**BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI
AND AFFILIATES**

**COMMUNITY AND CHILDREN'S RESOURCE BOARD OF
ST. CHARLES COUNTY - SCHEDULE OF PROJECT UNIT COSTS**

	Project Community Based Services
Project Expenses	
Direct Project Expenses:	
1. Salaries	\$ 11,765
2. Employee benefits	1,551
3. Payroll taxes	871
4. Occupancy	1,241
5. Telephone	125
6. Utilities	240
7. Supplies	71
8. Client volunteer activities	381
9. Background checks	716
10. Mileage	136
11. Postage	46
12. Printing	571
13. Equipment repairs	78
14. Insurance	177
15. Conferences, meetings, and travel	427
16. Total Direct Project Expenses	18,396
Indirect (Administrative) Expenses:	
17. Depreciation	1,256
18. Interest	210
19. Miscellaneous	59
20. Organization dues and subscriptions	233
21. Professional services - Accounting	215
22. Professional services - Other	819
23. Total Indirect Project Expenses	2,792
24. Total Project Expenses	\$ 21,188
25. Total Units Served	650
Cost Per Unit: Line 24/25	\$ 32.60