

**BIG BROTHERS AND BIG SISTERS
OF DANE COUNTY, INC.**

FINANCIAL STATEMENTS

December 31, 2015 and 2014

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers and Big Sisters of Dane County, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of Big Brothers and Big Sisters of Dane County, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and Big Sisters of Dane County, Inc. as of December 31, 2015 and 2014, 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
February 15, 2016

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:
W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 49,323	\$ 43,626
Receivables	420	-
Promises to give	6,000	17,609
Prepaid expenses	23,401	11,511
Total current assets	79,144	72,746
FURNITURE AND EQUIPMENT		
Furniture and equipment	48,362	134,829
Accumulated depreciation	(45,679)	(131,404)
Furniture and equipment - net	2,683	3,425
OTHER ASSETS		
Beneficial interest in assets held by Madison Community Foundation	13,834	14,831
Investments	424,570	439,944
Promises to give	2,000	3,000
Total assets	\$ 522,231	\$ 533,946
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,067	\$ 3,489
Accrued expenses	21,103	47,088
Line of credit	42,000	-
Total liabilities	67,170	50,577
NET ASSETS		
Unrestricted		
Board designated endowment	318,246	345,393
Board designated - Madison Community Foundation	13,834	14,831
Undesignated (deficit)	(9,193)	(5,179)
Unrestricted	322,887	355,045
Temporarily restricted	25,750	22,000
Permanently restricted	106,424	106,324
Total net assets	455,061	483,369
Total liabilities and net assets	\$ 522,231	\$ 533,946

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Allocation and contributions from United Way	\$ 221,655	\$ 246,045
Special events	411,238	379,899
Cost of special events	(137,953)	(126,601)
Contributions	256,220	319,338
Investment return	(25,918)	8,342
	<u>725,242</u>	<u>827,023</u>
EXPENSES		
Program services	538,480	519,612
Management and general	104,909	152,727
Fundraising	133,011	203,267
	<u>776,400</u>	<u>875,606</u>
Net assets released from restrictions	<u>19,000</u>	<u>21,940</u>
Change in unrestricted net assets	(32,158)	(26,643)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	22,750	22,000
Net assets released from restrictions	(19,000)	(21,940)
	<u>3,750</u>	<u>60</u>
Change in temporarily restricted net assets	3,750	60
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	<u>100</u>	<u>7,024</u>
Change in net assets	(28,308)	(19,559)
Net assets - beginning of year	<u>483,369</u>	<u>502,928</u>
Net assets - end of year	<u>\$ 455,061</u>	<u>\$ 483,369</u>

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2015

	Program Services	Management and General	Fundraising	Cost of Special Events	Total
Salaries	\$ 315,642	\$ 15,351	\$ 81,192	\$ -	\$ 412,185
Employee benefits	69,321	2,108	14,104	-	85,533
Payroll taxes	26,474	1,306	6,557	-	34,337
Total salaries and related expenses	411,437	18,765	101,853	-	532,055
Contract services	14,126	35,096	4,782	59,858	113,862
Food and supplies	3,963	2,771	787	8,072	15,593
Telephone	8,251	3,180	1,095	-	12,526
Postage and shipping	123	5,561	137	7,056	12,877
Insurance	20,819	5,948	2,974	-	29,741
Occupancy	27,712	7,918	3,959	-	39,589
Equipment rental and maintenance	6,333	528	9,942	-	16,803
Printing and publications	1,771	2,654	3,955	-	8,380
Travel	6,378	964	1,452	420	9,214
Conferences and meetings	5,584	7,292	1,527	-	14,403
Advertising	1,801	971	474	1,837	5,083
Assistance to individuals	4,406	-	-	-	4,406
Interest expense	-	823	-	-	823
Miscellaneous event expense	-	-	-	15,852	15,852
Dues to affiliates	-	9,789	-	-	9,789
Bad debt	-	2,500	-	-	2,500
Depreciation	519	149	74	-	742
Total expenses before contributed goods	513,223	104,909	133,011	93,095	844,238
Contributed goods	25,257	-	-	44,858	70,115
Total expenses	538,480	104,909	133,011	137,953	914,353
Less expenses included with support and revenue on the statements of activities	-	-	-	(137,953)	(137,953)
Total expenses included in the expenses section of the statements of activities	\$ 538,480	\$ 104,909	\$ 133,011	\$ -	\$ 776,400

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2014

	Program Services	Management and General	Fundraising	Cost of Special Events	Total
Salaries	\$ 304,702	\$ 46,399	\$ 106,283	\$ -	\$ 457,384
Employee benefits	50,681	6,040	19,071	-	75,792
Payroll taxes	27,374	3,697	8,772	-	39,843
Total salaries and related expenses	382,757	56,136	134,126	-	573,019
Contract services	15,569	50,549	8,065	52,316	126,499
Food and supplies	3,200	392	937	2,551	7,080
Telephone	7,703	2,825	1,231	-	11,759
Postage and shipping	285	3,912	4,073	6,941	15,211
Insurance	20,152	2,956	7,062	-	30,170
Occupancy	23,965	3,515	8,398	-	35,878
Equipment rental and maintenance	6,719	863	5,340	-	12,922
Printing and publications	2,189	7,551	16,084	-	25,824
Travel	4,432	3,981	1,154	184	9,751
Conferences and meetings	2,311	7,146	2,008	-	11,465
Advertising	455	525	14,404	-	15,384
Assistance to individuals	14,196	-	-	-	14,196
Interest expense	-	967	-	-	967
Miscellaneous event expense	-	-	-	20,970	20,970
Dues to affiliates	-	9,648	-	-	9,648
Bad debt	-	1,600	-	-	1,600
Depreciation	1,098	161	385	-	1,644
Total expenses before contributed goods	485,031	152,727	203,267	82,962	923,987
Contributed goods	34,581	-	-	43,639	78,220
Total expenses	519,612	152,727	203,267	126,601	1,002,207
Less expenses included with support and revenue on the statements of activities	-	-	-	(126,601)	(126,601)
Total expenses included in the expenses section of the statements of activities	\$ 519,612	\$ 152,727	\$ 203,267	\$ -	\$ 875,606

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,308)	\$ (19,559)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	742	1,644
Net realized and unrealized loss on investments	38,997	7,376
Contributions restricted for long-term purposes	(100)	(7,024)
(Increase) decrease in assets		
Receivables	(420)	1,685
Promises to give	12,609	(2,669)
Prepaid expenses	(11,890)	2,552
Increase (decrease) in liabilities		
Accounts payable	578	(2,301)
Accrued expenses	(25,985)	15,105
Net cash flows from operating activities	(13,777)	(3,191)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions from agency endowment	726	753
Distributions from investments	1,500	16,580
Purchase of and interest retained in investments	(24,852)	(15,719)
Net cash flows from investing activities	(22,626)	1,614
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on line of credit	(115,500)	(106,000)
Proceeds from line of credit	157,500	106,000
Proceeds from contributions restricted for investment in permanent endowment	100	10,774
Net cash flows from financing activities	42,100	10,774
Net change in cash	5,697	9,197
Cash - beginning of year	43,626	34,429
Cash - end of year	\$ 49,323	\$ 43,626
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 823	\$ 967

See accompanying notes.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Big Brothers and Big Sisters of Dane County, Inc. was organized as a not-for-profit organization in 1966. Big Brothers and Big Sisters of Dane County, Inc. was formed for the purpose of providing human services and other opportunities to children who do not have these services available to them in their own homes. The primary source of revenue is public support.

Basis of Presentation

Big Brothers and Big Sisters of Dane County, Inc. is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets - Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets - Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets - Net assets that have been restricted by donors to be maintained by Big Brothers and Big Sisters of Dane County, Inc. in perpetuity.

Estimates

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

Receivables

Big Brothers and Big Sisters of Dane County, Inc. considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If receivables become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give receivable in less than one year are recorded at their net realizable value. Promises to give receivable in more than one year are \$2,000 at December 31, 2015.

Big Brothers and Big Sisters of Dane County, Inc. considers all promises to give to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If promises to give become uncollectible, they will be charged to operations when that determination is made.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of equity securities that are carried at fair value and money market funds related to the investment portfolio.

Big Brothers and Big Sisters of Dane County, Inc. also has investments held in agency endowment by the Madison Community Foundation (MCF). Big Brothers and Big Sisters of Dane County, Inc. may receive the income earned from the agency endowment of the MCF. These funds are recorded as board-designated net assets and are carried at fair value.

Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation. Furniture and equipment with a value of over \$500 is capitalized and depreciated using the straight-line method over an estimated useful life relative to the piece of furniture or equipment.

Contributed equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support.

Contributions

Contributions are recognized as revenue when received or unconditionally pledged. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of 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 statements of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the statements of activities.

Expense Allocations

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

Donated Services

Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received. There were no donated services in 2015 and 2014.

In addition, a large number of volunteers have given significant amounts of their time to Big Brothers and Big Sisters of Dane County, Inc.'s programs, fund-raising campaigns, and management. No amounts have been recorded in the financial statements for these volunteer services because the criteria for recognition have not been met.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

Big Brothers and Big Sisters of Dane County, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management’s Review

Management has evaluated subsequent events through February 15, 2016, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Mutual funds	\$ 135,179	\$ 122,215
Bonds	188,564	148,667
Stocks	55,914	70,632
Money market funds	<u>44,913</u>	<u>98,430</u>
Total investments	<u>\$ 424,570</u>	<u>\$ 439,944</u>

Investment return for 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 17,672	\$ 20,345
Net realized and unrealized loss	(38,997)	(7,376)
Investment fees	<u>(4,593)</u>	<u>(4,627)</u>
Investment return	<u>\$ (25,918)</u>	<u>\$ 8,342</u>

NOTE 3 – AGENCY ENDOWMENT

The Big Brothers and Big Sisters of Dane County, Inc. established an agency endowment at Madison Community Foundation (MCF). The Big Brothers and Big Sisters of Dane County, Inc. recognizes the fair value of donations as contributions when received. When the Big Brothers and Big Sisters of Dane County, Inc. transfers the funds to MCF it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in assets held by MCF.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 – AGENCY ENDOWMENT (continued)

The Big Brothers and Big Sisters of Dane County, Inc. acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the fund. The Fund normally makes an annual distribution to the Big Brothers and Big Sisters of Dane County, Inc. that represents 4.75% of the average value of the assets in the Fund over the previous twelve quarters. The Big Brothers and Big Sisters of Dane County, Inc. received distributions of \$726 and \$753 in 2015 and 2014.

NOTE 4 – CONDITIONAL PROMISE TO GIVE

Big Brothers and Big Sisters of Dane County, Inc. had promises to give of \$6,000 and \$6,000 at December 31, 2015 and 2014 that are conditional upon the funds being used for the Sponsor-A-Match program. The condition for the December 31, 2014 promise was met during 2015 and recognized as revenue at that time.

NOTE 5 – LINE OF CREDIT

Big Brothers and Big Sisters of Dane County, Inc. has a \$200,000 line of credit agreement with State Bank of Cross Plains that expires September 4, 2016. The interest rate on outstanding principal is prime plus 1.5% with a floor of 5%. At December 31, 2015 and 2014, there was an outstanding balance of \$42,000 and \$0.

NOTE 6 – NET ASSETS

Big Brothers and Big Sisters of Dane County, Inc. has net assets at December 31, 2015 and 2014 that are restricted for the following reasons:

	2015	2014
BFKS	\$ 3,000	\$ 5,500
Gala	-	3,500
Time	22,750	13,000
Temporarily restricted net assets	\$ 25,750	\$ 22,000

Big Brothers and Big Sisters of Dane County, Inc. has permanently restricted net assets of \$106,424 and \$106,324 at December 31, 2015 and 2014. These net assets represent contributions received from various donors where the donors have restricted the agency to permanently maintain the corpus of the contributions. The income from permanently restricted net assets is expendable to support the following:

	2015	2014
Scholarships for former littles	\$ 75,124	\$ 75,024
Programs or support	31,300	31,300
Permanently restricted net assets	\$ 106,424	\$ 106,324

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7 – SPECIAL EVENTS

Big Brothers and Big Sisters of Dane County, Inc. has various fundraising events. The revenue and costs directly associated with fundraising events for 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Gross revenue	\$ 411,238	\$ 379,899
Cost of special events		
BFKS	16,336	15,682
Gala	109,436	109,060
Kuts for Kids	-	1,051
Other	<u>12,181</u>	<u>808</u>
Cost of special events	<u>137,953</u>	<u>126,601</u>
Special events - net	<u>\$ 273,285</u>	<u>\$ 253,298</u>

NOTE 8 – OPERATING LEASE

Big Brothers and Big Sisters of Dane County, Inc. leases space for its administrative office and program services from its major funder, United Way of Dane County. The lease requires monthly payments of \$2,990 and expires on December 31, 2016. Rental expense was \$37,671 and \$35,878 for 2015 and 2014. The future minimum lease payment for 2016 is \$37,671.

NOTE 9 – EMPLOYEE BENEFIT PLAN

Big Brothers and Big Sisters of Dane County, Inc. has a tax-deferred 401(k) retirement plan covering employees working 20 hours or more upon completion of 12 months of service. Big Brothers and Big Sisters of Dane County, Inc. contributes a 50% match up to 3% of the employee's contributions. Employee benefit plan expense was \$3,109 and \$4,916 for 2015 and 2014.

NOTE 10 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2015 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 135,179	\$ 135,179	\$ -	\$ -
Bonds	188,564	-	188,564	-
Stocks	55,914	55,914	-	-
Money market funds	44,913	44,913	-	-
Beneficial interest in net assets held by MCF	<u>13,834</u>	<u>-</u>	<u>-</u>	<u>13,834</u>
	<u>\$ 438,404</u>	<u>\$ 236,006</u>	<u>\$ 188,564</u>	<u>\$ 13,834</u>

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at December 31, 2014 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 122,215	\$ 122,215	\$ -	\$ -
Bonds	148,667	-	148,667	-
Stocks	70,632	70,632	-	-
Money market funds	98,430	98,430	-	-
Beneficial interest in net assets held by MCF	14,831	-	-	14,831
	<u>\$ 454,775</u>	<u>\$ 291,277</u>	<u>\$ 148,667</u>	<u>\$ 14,831</u>

Fair values for mutual funds, stocks, and money market funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for bonds are determined based on recent prices of similar assets.

The Big Brothers and Big Sisters of Dane County, Inc.'s beneficial interest in assets held by MCF represents an agreement between the Big Brothers and Big Sisters of Dane County, Inc. and MCF in which the Big Brothers and Big Sisters of Dane County, Inc. transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to The Big Brothers and Big Sisters of Dane County, Inc. by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Assets Held by MCF	
	2015	2014
Beginning balance	\$ 14,831	\$ 15,063
Change in value of beneficial interest included in change in net assets	(271)	521
Distribution	(726)	(753)
Ending balance	<u>\$ 13,834</u>	<u>\$ 14,831</u>

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

The change in value of beneficial interest included in change in net assets is included in investment return on the statements of activities.

NOTE 11 – ENDOWMENTS

Big Brothers and Big Sisters of Dane County, Inc.'s endowment consists of a donor-restricted fund where the investment income, including realized gains and losses is given to Big Brothers and Big Sisters of Dane County, Inc. and the funds are designated by the Board of Directors to function as endowments. 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 Big Brothers and Big Sisters of Dane County, Inc. has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Big Brothers and Big Sisters of Dane County, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as board designated net assets until those amounts are appropriated for expenditure by The Big Brothers and Big Sisters of Dane County, Inc. in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, The Big Brothers and Big Sisters of Dane County, Inc. 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 Big Brothers and Big Sisters of Dane County, Inc., and (7) The Big Brothers and Big Sisters of Dane County, Inc.'s investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Big Brothers and Big Sisters of Dane County, Inc. has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution to Big Brothers and Big Sisters of Dane County, Inc. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

BIG BROTHERS AND BIG SISTERS OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 11 – ENDOWMENTS

Endowment net asset composition by type of fund as of December 31, 2015 and 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 106,424	\$ 106,424
Board-designated endowment funds	318,246	-	-	318,246
Board-designated - MCF	13,834	-	-	13,834
Total	\$ 332,080	\$ -	\$ 106,424	\$ 438,504

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 106,324	\$ 106,324
Board-designated endowment funds	345,393	-	-	345,393
Board-designated - MCF	14,831	-	-	14,831
Total	\$ 360,224	\$ -	\$ 106,324	\$ 466,548

Changes in endowment net assets as of December 31, 2015 and 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at December 31, 2013	\$ 369,215	\$ -	\$ 99,300	\$ 468,515
Contributions	-	-	7,024	7,024
Investment income	15,718	-	-	15,718
Net depreciation	(7,376)	-	-	(7,376)
Appropriation for expenditures	(17,333)	-	-	(17,333)
Endowment net assets at December 31, 2014	360,224	-	106,324	466,548
Contributions	-	-	100	100
Investment income	13,079	-	-	13,079
Net depreciation	(38,997)	-	-	(38,997)
Appropriation for expenditures	(2,226)	-	-	(2,226)
Endowment net assets at December 31, 2015	\$ 332,080	\$ -	\$ 106,424	\$ 438,504