

**BIG BROTHERS BIG SISTERS
OF NEW YORK CITY, INC.**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2015 AND 2014

BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

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Independent Auditor's Report

**Board of Directors
Big Brothers Big Sisters of New York City, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of New York City, Inc., which comprise the statement of financial position as of June 30, 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 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 New York City, Inc. as of June 30, 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.

Loeb & Troper LLP

September 30, 2015

BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,981,577	\$ 5,133,588
Investments (Note 2)	11,564,940	12,657,323
Contracts receivable - current	880,943	264,471
Contributions receivable - current	500,351	1,021,454
Other receivable	15,874	
Prepaid expenses	132,091	87,229
Security deposits		23,569
Assets held for deferred compensation (Notes 2 and 6)	115,338	83,302
Fixed assets - net (Note 3)	15,332,195	11,930,982
Bond issuance costs (Note 5)	276,645	286,184
	<u>30,799,954</u>	<u>31,488,102</u>
Total assets	\$ <u>30,799,954</u>	\$ <u>31,488,102</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 723,323	\$ 862,802
Deferred revenues	331,685	50,225
Deferred compensation payable (Note 6)	115,338	83,302
Long term debt (Note 5)	8,979,695	9,000,000
	<u>10,150,041</u>	<u>9,996,329</u>
Total liabilities	10,150,041	9,996,329
Net assets (Exhibit B)		
Unrestricted	20,052,513	20,932,258
Temporarily restricted (Note 4)	597,400	559,515
	<u>20,649,913</u>	<u>21,491,773</u>
Total net assets	20,649,913	21,491,773
Total liabilities and net assets	\$ <u>30,799,954</u>	\$ <u>31,488,102</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

EXHIBIT B

STATEMENT OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Private grants and contributions	\$ 2,544,418	\$ 312,207	\$ 2,856,625	\$ 2,648,923	\$ 271,082	\$ 2,920,005
Special events	\$ 6,209,742			\$ 5,542,412		
Direct cost of special events	<u>(1,001,219)</u>			<u>(1,008,474)</u>		
Net revenue from special events	5,208,523		5,208,523	4,533,938		4,533,938
United Way				5,833		5,833
Government grants and contracts	1,908,100		1,908,100	727,645		727,645
Interest and dividends	701,808		701,808	1,072,109		1,072,109
Net realized and unrealized gains/(loss) on investments	(710,533)		(710,533)	288,241		288,241
Net assets released from restrictions (Note 4)	<u>274,322</u>	<u>(274,322)</u>		<u>279,503</u>	<u>(279,503)</u>	
Total revenues and other support	<u>9,926,638</u>	<u>37,885</u>	<u>9,964,523</u>	<u>9,556,192</u>	<u>(8,421)</u>	<u>9,547,771</u>
Expenses (Exhibit C)						
Program services						
Mentoring	8,289,752		8,289,752	7,066,793		7,066,793
Management and general	852,028		852,028	803,413		803,413
Fund raising	<u>1,663,231</u>		<u>1,663,231</u>	<u>1,485,411</u>		<u>1,485,411</u>
Total expenses	<u>10,805,011</u>		<u>10,805,011</u>	<u>9,355,617</u>		<u>9,355,617</u>
Change in net assets before loss on disposal and gain on sale of building - net	(878,373)	37,885	(840,488)	200,575	(8,421)	192,154
Loss on disposal of leasehold improvements	(1,372)		(1,372)			
Gain on sale of land and building - net (Note 10)				<u>6,292,637</u>		<u>6,292,637</u>
Change in net assets (Exhibit D)	(879,745)	37,885	(841,860)	6,493,212	(8,421)	6,484,791
Net assets - beginning of year	<u>20,932,258</u>	<u>559,515</u>	<u>21,491,773</u>	<u>14,439,046</u>	<u>567,936</u>	<u>15,006,982</u>
Net assets - end of year (Exhibit A)	<u>\$ 20,052,513</u>	<u>\$ 597,400</u>	<u>\$ 20,649,913</u>	<u>\$ 20,932,258</u>	<u>\$ 559,515</u>	<u>\$ 21,491,773</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015				
	Program Services	Management and General	Fund Raising	Direct Cost of Special Events	Total
	<u>Mentoring</u>	<u>General</u>	<u>Raising</u>	<u>Events</u>	<u>Total</u>
Salaries and wages	\$ 4,452,239	\$ 432,601	\$ 911,863		\$ 5,796,703
Payroll taxes and employee benefits	1,213,534	117,912	248,544		1,579,990
Telephone	94,219	6,236	12,346		112,801
Venue, décor, gifts and entertainment				\$ 1,001,219	1,001,219
Office supplies	128,440	5,460	2,593		136,493
Advertising	2,540		1,045		3,585
Printing, postage and publications	23,408	4,915	100,967		129,290
Insurance	84,612	33,433	12,624		130,669
Conferences and travel	112,132	26,357	22,962		161,451
Professional fees	334,084	62,115	260,869		657,068
Temporary help	26,972		270		27,242
Equipment rental and maintenance	47,457	2,017	958		50,432
Building maintenance	73,838	3,139	1,491		78,468
Membership dues and subscriptions	37,314	2,947	10,961		51,222
Data processing	39,140	16,301	4,041		59,482
Background check	257,286				257,286
Occupancy	362,802	15,422	7,325		385,549
Depreciation and amortization	380,298	16,166	7,679		404,143
Education and development	33,465				33,465
Meals and refreshments	41,523				41,523
Venues and admissions	55,676				55,676
Interest	223,063	9,482	4,504		237,049
Honorariums and stipends	188,202				188,202
Bad debt expense		70,721			70,721
Scholarships and miscellaneous	77,508	26,804	52,189		156,501
Total expenses	8,289,752	852,028	1,663,231	1,001,219	11,806,230
Less expenses deducted directly on the statement of activities					
Direct cost of special events				(1,001,219)	(1,001,219)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 8,289,752	\$ 852,028	\$ 1,663,231	\$ -	\$ 10,805,011

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

EXHIBIT C

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STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2015 AND 2014

	2014				
	Program Services	Management and General	Fund Raising	Direct Cost of Special Events	Total
	Mentoring				
Salaries and wages	\$ 4,075,514	\$ 427,600	\$ 802,778		\$ 5,305,892
Payroll taxes and employee benefits	1,094,778	110,864	180,153		1,385,795
Telephone	80,670	6,981	9,045		96,696
Venue, décor, gifts and entertainment				\$ 1,008,474	1,008,474
Office supplies	65,424	37,082	12,803		115,309
Advertising	18,497		3,820		22,317
Printing, postage and publications	24,475	4,212	94,279		122,966
Insurance	63,709	22,319	10,462		96,490
Conferences and travel	112,348	19,802	21,854		154,004
Professional fees	243,703	20,055	274,186		537,944
Equipment rental and maintenance	28,664	20,297	3,978		52,939
Building maintenance	21,535	34,475	3,000		59,010
Membership dues and subscriptions	13,532	4,510	2,364		20,406
Data processing	24,550	8,967	3,429		36,946
Background check	218,051				218,051
Occupancy	568,316	24,238	10,678		603,232
Depreciation and amortization	87,856	28,001	12,198		128,055
Education and development	38,333				38,333
Meals and refreshments	21,278				21,278
Venues and admissions	41,753				41,753
Interest		1,490			1,490
Honorariums and stipends	144,602				144,602
Scholarships and miscellaneous	79,205	32,520	40,384		152,109
Total expenses	7,066,793	803,413	1,485,411	1,008,474	10,364,091
Less expenses deducted directly on the statement of activities					
Direct cost of special events				(1,008,474)	(1,008,474)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 7,066,793	\$ 803,413	\$ 1,485,411	\$ -	\$ 9,355,617

See independent auditor's report.

The accompanying notes are an integral part of these statements.

BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (841,860)	\$ 6,484,791
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	404,142	128,055
Net (gain)/loss on investments	710,533	(288,241)
Loss on disposal of leasehold improvements	1,372	
Gain on sale of land and building		(6,292,637)
Decrease (increase) in assets		
Contracts receivable	(616,472)	29,425
Contributions receivable	521,103	(437,065)
Other receivable	(15,874)	
Prepaid expenses	(44,862)	15,461
Security deposits	23,569	
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(139,479)	(77,288)
Deferred revenues	281,460	(30,955)
Deferred compensation payable	32,036	18,592
Deferred rent		(16,164)
Net cash provided (used) by operating activities	<u>315,668</u>	<u>(466,026)</u>
Cash flows from investing activities		
Purchases of assets held for deferred compensation	(32,036)	(18,592)
Purchases of investments	(875,255)	(1,370,610)
Proceeds from sales of investments	1,257,105	301,381
Net proceeds from sale of land and building		6,463,203
Purchases of fixed assets	<u>(3,797,188)</u>	<u>(11,743,566)</u>
Net cash used by investing activities	<u>(3,447,374)</u>	<u>(6,368,184)</u>
Cash flows from financing activities		
Drawdowns on line of credit	675,000	275,000
Repayment of line of credit	(675,000)	(275,000)
Bond issuance costs		(286,184)
Proceeds from long-term debt		9,000,000
Principal payments on long-term debt	<u>(20,305)</u>	
Net cash provided (used) by financing activities	<u>(20,305)</u>	<u>8,713,816</u>
Net change in cash and cash equivalents	(3,152,011)	1,879,606
Cash and cash equivalents - beginning of year	<u>5,133,588</u>	<u>3,253,982</u>
Cash and cash equivalents - end of year	<u>\$ 1,981,577</u>	<u>\$ 5,133,588</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 237,049</u>	<u>\$ 1,490</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Big Brothers Big Sisters of New York City, Inc. (the "Organization") is a not-for-profit community-based organization which provides a trained adult volunteer to a needy youngster in a one-to-one mentoring program. In addition, the Organization also provides programs through local school districts and police departments. Program services are in the form of support groups, referral, advocacy, recreation and counseling.

The primary sources of revenues and support of the Organization are grants from the general public and governmental agencies, contributions and special events.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents are comprised of highly liquid investments that mature in three months or less from date of acquisition.

Investments - Investments are recorded at fair value. The Organization invests in various securities. Investments, in general, are exposed to various risks such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments, changes in the values of investments will occur in the near term, based on the markets' fluctuations, and such changes could materially affect the amounts reported in the Organization's financial statements.

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable - Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Government contract revenues and receivables - The Organization records revenue and receivables for grants from contracting agencies based on qualifying expenses incurred and program utilization at contracted rates. To the extent amounts received exceed amounts spent, the Organization records refundable advances from agencies. Such revenues are subject to audit by the agencies. No provision for any disallowances are reflected on the financial statements as management does not anticipate any material adjustments.

Allowance for doubtful accounts - The Organization determines whether an allowance for uncollectibles should be provided for contributions and contracts receivable. Such estimates are based on management's assessment of the aged basis of its contributions, contracts, and other accounts receivable, subsequent cash receipts, current economic conditions and historical information. Contributions, contracts, and other accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. There was no allowance for doubtful accounts at June 30, 2015 and 2014.

Fixed assets - Fixed assets are recorded at cost. Donated assets are recorded at fair value at the date of the donation. Acquisitions of \$1,000 or more with an estimated useful life of more than one year are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized on the straight-line basis over the shorter of the term of the lease or the useful life of the leasehold improvement. The estimated useful lives are as follows:

Condominium and improvements	15-40 years
Office equipment	3-5 years
Leasehold improvements	8 years

Bond issuance costs - Bond issuance costs are amortized on the straight-line method over the term of the related debt.

Deferred revenues - Event income is recognized at the net realizable amount when earned. The portion of event charges collected in the current fiscal year pertaining to events that will take place in the next fiscal year is reflected as deferred revenue. Deferred revenue is generally earned within one year.

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by action of the Organization or the passage of time.

Private grants and contributions - Unconditional private grants and contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The Organization reports gifts of cash and other assets, received from foundations, corporations and the general public as restricted support if they are 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 statement of activities as net assets released from restrictions. In-kind contributions are reported at fair value at the date the contribution is received when applicable.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated services and materials - A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs. The Organization pays for most services requiring specific expertise. The value of donated time for unpaid volunteers is not reflected in the financial statements, since it is not subject to objective measurement or valuation.

Rent expense - The Organization leases office space and equipment at various locations. All leases are operating leases. All leases are reflected on the straight-line basis. Deferred rent is recorded where there are material differences between the fixed payment and the rent expense.

Advertising - Advertising costs are expensed as incurred.

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements***

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 as compared to those used at June 30, 2014.

Government and government agency obligations - Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds - Valued at the net asset value ("NAV") of shares held at year end.

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Absolute return fund - There are no observable inputs and certain of the underlying investments are not publicly traded and there is no secondary market for such funds. The fund is valued by the managers at the NAV of shares of the underlying investments held by the fund at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2015 and 2014:

	2015		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Investments			
Mutual fund - domestic equity	\$ 10,248,262		\$ 10,248,262
Absolute return fund		\$ <u>1,316,678</u>	<u>1,316,678</u>
Total investments	10,248,262	1,316,678	11,564,940
Assets held for deferred compensation			
Mutual fund - domestic equity	<u>115,338</u>		<u>115,338</u>
Total	<u>\$ 10,363,600</u>	<u>\$ 1,316,678</u>	<u>\$ 11,680,278</u>

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

	2014			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual fund - money market	\$ 42,972			\$ 42,972
Mutual fund - domestic equity	10,320,375			10,320,375
Absolute return fund			\$ 1,277,436	1,277,436
Corporate bonds		\$ 506,345		506,345
Government and government agency obligations	<u>510,195</u>			<u>510,195</u>
Total investments	10,873,542	506,345	1,277,436	12,657,323
Assets held for deferred compensation				
Mutual fund - domestic equity	<u>83,302</u>			<u>83,302</u>
Total	<u>\$ 10,956,844</u>	<u>\$ 506,345</u>	<u>\$ 1,277,436</u>	<u>\$ 12,740,625</u>

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
	<u>Absolute</u> <u>Return Fund</u>	<u>Absolute</u> <u>Return Fund</u>
Balance, beginning of year	\$ 1,277,436	\$ 1,176,136
Unrealized/realized gains (losses)	<u>39,242</u>	<u>101,300</u>
Balance, end of year	<u>\$ 1,316,678</u>	<u>\$ 1,277,436</u>
The amount of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ 39,242</u>	<u>\$ 101,300</u>

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

	<u>2015 Fair Value</u>	<u>2014 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Absolute Return Fund	\$ <u>1,316,678</u>	\$ <u>1,277,436</u>	\$ <u>-</u>	Annually	100 Days

The Absolute Return Fund investments consist of long/short equity, event-driven securities, capital structure arbitrage, and fixed-income relative value funds.

Uncertainty in income taxes - The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2012 and subsequent remain subject to examination by applicable tax authorities.

Subsequent events - Subsequent events have been evaluated through September 30, 2015, which is the date the financial statements were available to be issued.

NOTE 3 - FIXED ASSETS

	<u>2015</u>	<u>2014</u>
Condominium and improvements	\$ 15,486,126	\$ 11,725,435
Office equipment	324,341	583,764
Leasehold improvements	<u> </u>	<u>129,466</u>
	15,810,467	12,438,665
Less accumulated depreciation and amortization	<u>(478,272)</u>	<u>(507,683)</u>
Total	\$ <u>15,332,195</u>	\$ <u>11,930,982</u>

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

At June 30, temporarily restricted net assets were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Lindsay Morehouse Scholarship	\$ 338,922	\$ 309,015
Workplace mentoring	250,000	250,000
Other programs	<u>8,478</u>	<u>500</u>
	<u>\$ 597,400</u>	<u>\$ 559,515</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes of providing scholarships and related expenses for the following programs:

	<u>2015</u>	<u>2014</u>
Lindsay Morehouse Scholarship	\$ 12,172	\$ 15,000
Workplace mentoring	250,000	250,000
Other programs	<u>12,150</u>	<u>14,503</u>
Total	<u>\$ 274,322</u>	<u>\$ 279,503</u>

NOTE 5 - LONG TERM DEBT

In order to finance the acquisition and renovation of the Organization's facility at 40 Rector Street, the Organization entered into an agreement with the Build NYC Resource Corporation (BNRC) whereby BNRC issued \$7,000,000 of Series A and \$2,000,000 of Series B Civic Facility Revenue Bonds on May 1, 2014, which are secured by the facility.

Payments on the bonds are interest-only for the first year beginning June 1, 2014, principal payments are due monthly beginning June 1, 2015, and continuing through May 1, 2039. Interest at a fixed rate of 3.39% for Series A and a floating rate of 72% of the 30-day LIBOR plus 1.44% for Series B, which was 1.58% and 1.59% at June 30, 2015 and 2014, respectively, is payable monthly. Interest incurred and capitalized for 2015 and 2014 was \$23,106 and \$44,712, respectively. Interest expense for 2015 was \$226,704.

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****NOTE 5 - LONG TERM DEBT (continued)**

Principal payments are as follows:

<u>Year Ending June 30</u>	
2016	\$ 251,136
2017	267,463
2018	277,392
2019	284,563
2020	291,412
Thereafter	<u>7,607,729</u>
	<u>\$ 8,979,695</u>

Bond issuance costs amounted to \$286,184 and are being amortized over the term of the bonds. Amortization expense for 2015 was \$9,539.

NOTE 6 - RETIREMENT BENEFITS

The Organization has a contributory tax-deferred 403(b) annuity plan for all full-time employees who have completed two years of service. The Organization contributes an amount equal to 5% of eligible employees' earnings whether or not the employees contribute to the plan. The pension expense at June 30, 2015 and 2014 was \$160,917 and \$151,340, respectively.

The Organization has established a 457(b) deferred compensation plan for its current senior executive. Contributions are made up to the annual limit set by the IRS. The deferred compensation expense for the years ended June 30, 2015 and 2014 were \$17,885 and \$19,579, respectively. In addition, there were voluntary contributions made to the plan by the senior executive. At June 30, 2015 and 2014, the Organization maintains \$115,338 and \$83,302, respectively, as an asset and a liability of the deferred compensation plan.

NOTE 7 - CONCENTRATIONS

Financial instruments which potentially subject the Organization to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

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BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****NOTE 8 - DONATED SERVICES**

The Organization receives a significant amount of donated services from numerous trained individuals who volunteer as big brothers and big sisters. The Organization could not conduct its programs without these volunteers, who are an integral part of the scope of the Organization's activities. The value of such volunteers' services is not reflected in the accompanying financial statements as it does not meet the criteria for revenue recognition established by Generally Accepted Accounting Principles for Not-for-Profit Entities.

The number of trained volunteers that provided services to the Organization in 2015 and 2014 was 5,371 and 5,124, respectively.

NOTE 9 - LINE OF CREDIT

In February 2015, the Organization obtained an extension of its commercial line of credit from JP Morgan Chase (Chase) for \$1,000,000. There is a requirement for the Organization to maintain its primary depository accounts with the bank. The interest rate is charged at LIBOR plus 1.900%, which was 2.090% and 2.052% at June 30, 2015 and 2014, respectively. In 2015 there were drawdowns of \$675,000 and interest expense for the year ended June 30, 2015 was \$10,345. In 2014 there were drawdowns of \$275,000 and interest expense for the year ended June 30, 2014 was \$1,490. As of June 30, 2015 and 2014, there were no outstanding balances.

NOTE 10 - GAIN ON SALE OF LAND AND BUILDING

In 2014 the Organization sold the land and building located at 223 East 30th Street for the amount of \$6,750,000. In conjunction with the sale, fixed assets with a cost basis of \$1,926,322 and a net book value of \$170,566 were written off and the Organization incurred \$286,797 of closing costs. The Organization recorded a gain on sale of the building in the amount of \$6,292,637.