

Audited Financial Statements

Nutmeg Big Brothers / Big Sisters, Inc.

*Years Ended June 30, 2016 and 2015
with Independent Auditors' Report*

Nutmeg Big Brothers / Big Sisters, Inc.

Audited Financial Statements

Years ended June 30, 2016 and 2015

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EXPERIENCE THAT COUNTS.

Independent Auditors' Report

To the Board of Directors of
Nutmeg Big Brothers / Big Sisters, Inc.
Hartford, Connecticut

We have audited the accompanying financial statements of Nutmeg Big Brothers / Big Sisters, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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.

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nutmeg Big Brothers / Big Sisters, Inc. at June 30, 2016 and 2015, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
November 17, 2016

Nutmeg Big Brothers / Big Sisters, Inc.
Statements of Financial Position

	June 30,	
Assets	2016	2015
Current assets:		
Cash and cash equivalents	\$ 12,720	\$ 50,881
Investments	41,119	39,903
Receivables, net of allowance for doubtful accounts, current portion	215,307	102,903
Prepaid expenses	16,625	12,229
Total current assets	285,771	205,916
Non-current assets:		
Receivables, less current portion	95,000	-
Property and equipment, net	25,462	27,628
Total assets	\$ 406,233	\$ 233,544
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 71,020	\$ 24,232
Accrued expenses	65,094	52,939
Deferred revenue	-	18,858
Note payable, current portion	-	5,065
Total current liabilities	136,114	101,094
Unrestricted net assets	263,819	126,438
Temporarily restricted net assets	6,300	6,012
Total net assets	270,119	132,450
Total liabilities and net assets	\$ 406,233	\$ 233,544

See accompanying notes

Nutmeg Big Brothers / Big Sisters, Inc.
Statements of Activities and Changes in Net Assets

	Years Ended			June 30, 2015
	June 30, 2016			
	Unrestricted	Temporarily Restricted	Total	
Support and revenues				
Special events, net	\$ 229,159	\$ -	\$ 229,159	\$ 266,907
United Way	183,201	-	183,201	203,879
U.S. Treasury	260,296	-	260,296	239,671
Contributions	781,402	6,300	787,702	645,357
Other governmental grants and contracts	21,938	-	21,938	33,124
In-kind contributions	204,601	-	204,601	219,197
HartSprings Foundation, Inc.	89,993	-	89,993	45,893
Net assets released from restriction	6,012	(6,012)	-	-
Investment income (loss)	770	-	770	(305)
Total support and revenues	<u>1,777,372</u>	<u>288</u>	<u>1,777,660</u>	<u>1,653,723</u>
Expenses				
Program services:				
Big Brothers / Big Sisters	1,024,998	-	1,024,998	1,056,752
Foster Grandparents	320,864	-	320,864	324,962
	<u>1,345,862</u>	<u>-</u>	<u>1,345,862</u>	<u>1,381,714</u>
Supporting services:				
Management and general	139,649	-	139,649	87,045
Fundraising	154,480	-	154,480	158,968
	<u>1,639,991</u>	<u>-</u>	<u>1,639,991</u>	<u>1,627,727</u>
Total expenses	<u>1,639,991</u>	<u>-</u>	<u>1,639,991</u>	<u>1,627,727</u>
Changes in net assets	<u>137,381</u>	<u>288</u>	<u>137,669</u>	<u>25,996</u>
Net assets - beginning of year	<u>126,438</u>	<u>6,012</u>	<u>132,450</u>	<u>106,454</u>
Net assets - end of year	<u>\$ 263,819</u>	<u>\$ 6,300</u>	<u>\$ 270,119</u>	<u>\$ 132,450</u>

See accompanying notes

Nutmeg Big Brothers / Big Sisters, Inc.
Statement of Functional Expenses
Year Ended June 30, 2016

	<u>Program Services</u>		Management and General	Fundraising	Total
	Big Brothers / Big Sisters	Foster Grandparents			
Salaries and related expenses:					
Salaries	\$ 593,102	\$ 91,778	\$ 46,712	\$ 65,947	\$ 797,539
Payroll taxes	47,871	7,388	3,550	5,398	64,207
Employee benefits	62,453	19,195	6,335	2,282	90,265
Total salaries and related expenses	<u>703,426</u>	<u>118,361</u>	<u>56,597</u>	<u>73,627</u>	<u>952,011</u>
Other expenses:					
Activities	35,899	17,654	31,578	43,178	128,309
Bad debt expense	13,751	-	-	-	13,751
Conferences and meetings	3,976	-	6,151	1,048	11,175
Donated advertising	101,160	-	-	-	101,160
Dues and subscriptions	11,998	-	5,425	296	17,719
Equipment rental and maintenance	14,222	2,083	7,363	1,531	25,199
Insurance	15,267	5,206	8,158	201	28,832
Interest	-	-	497	-	497
Bank and credit card fees	-	-	224	5,523	5,747
Occupancy	52,464	4,779	937	-	58,180
Office expense and supplies	2,845	1,122	88	257	4,312
Postage	1,828	534	391	740	3,493
Printing and publications	486	75	6,202	10,043	16,806
Professional fees	34,175	2,236	11,510	17,285	65,206
Telephone and internet	13,000	2,567	2,088	407	18,062
Travel	7,911	2,110	2,305	344	12,670
Volunteer support	5,005	163,446	-	-	168,451
Total other expenses	<u>313,987</u>	<u>201,812</u>	<u>82,917</u>	<u>80,853</u>	<u>679,569</u>
Depreciation	7,585	691	135	-	8,411
Total functional expenses	<u>\$ 1,024,998</u>	<u>\$ 320,864</u>	<u>\$ 139,649</u>	<u>\$ 154,480</u>	<u>\$ 1,639,991</u>

See accompanying notes

Nutmeg Big Brothers / Big Sisters, Inc.
Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services		Management and General	Fundraising	Total
	Big Brothers / Big Sisters	Foster Grandparents			
Salaries and related expenses:					
Salaries	\$ 532,956	\$ 85,335	\$ 28,955	\$ 93,854	\$ 741,100
Payroll taxes	45,924	7,124	2,316	8,229	63,593
Employee benefits	59,826	15,953	3,742	10,241	89,762
Total salaries and related expenses	638,706	108,412	35,013	112,324	894,455
Other expenses:					
Activities	46,094	15,946	227	12,840	75,107
Bad debt expense	82,503	-	-	5,180	87,683
Conferences and meetings	1,403	1,009	8,487	817	11,716
Donated advertising	141,850	-	-	-	141,850
Dues and subscriptions	9,558	-	8,444	576	18,578
Equipment rental and maintenance	16,158	2,668	4,151	1,619	24,596
Insurance	9,060	14,762	6,266	352	30,440
Interest	-	-	1,597	-	1,597
Bank and credit card fees	-	-	558	3,043	3,601
Occupancy	47,470	6,032	7,477	1,631	62,610
Office expense and supplies	1,541	1,885	667	199	4,292
Postage	1,299	556	105	766	2,726
Printing and publications	432	199	126	13,163	13,920
Professional fees	33,105	5,814	8,810	5,950	53,679
Telephone and internet	14,405	2,750	2,246	60	19,461
Travel	6,112	1,413	1,760	205	9,490
Volunteer support	-	162,619	-	-	162,619
Total other expenses	410,990	215,653	50,921	46,401	723,965
Depreciation	7,056	897	1,111	243	9,307
Total functional expenses	<u>\$ 1,056,752</u>	<u>\$ 324,962</u>	<u>\$ 87,045</u>	<u>\$ 158,968</u>	<u>\$ 1,627,727</u>

See accompanying notes

Nutmeg Big Brothers / Big Sisters, Inc.
Statements of Cash Flows

	Years Ended	
	June 30,	
	2016	2015
Cash flows from operating activities		
Changes in net assets	\$ 137,669	\$ 25,996
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	8,411	9,307
Unrealized loss on investments	930	1,937
Bad debt expense	13,751	87,683
Changes in assets and liabilities:		
Receivables, net	(221,155)	(31,265)
Prepaid expenses	(4,396)	(2,902)
Accounts payable	46,788	(42,251)
Accrued expenses	12,155	7,658
Deferred revenue	(18,858)	13,858
Net cash (used) provided by operating activities	(24,705)	70,021
Cash flows from financing activities		
Repayment of debt	(5,065)	(8,467)
Net repayments on line of credit	-	(26,000)
Net cash used by financing activities	(5,065)	(34,467)
Cash flows from investing activities		
Purchase of investments	(2,146)	(24,393)
Purchase of equipment	(6,245)	(13,512)
Net cash used by investing activities	(8,391)	(37,905)
Net decrease in cash and cash equivalents	(38,161)	(2,351)
Cash and cash equivalents - beginning of year	50,881	53,232
Cash and cash equivalents - end of year	\$ 12,720	\$ 50,881
Supplemental cash flow information:		
Cash paid during year:		
Interest	\$ 497	\$ 1,597

See accompanying notes

Nutmeg Big Brothers / Big Sisters, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

1. Description of Organization and Nature of Activities

Nutmeg Big Brothers / Big Sisters, Inc. (the Organization) is a nonprofit, voluntary welfare agency. The Organization exists to make a positive difference in the lives of children and youth facing adversity, primarily through professionally supported relationships with caring adult volunteers. The Organization strives to assist children to achieve their highest potential by providing committed volunteers, local leadership and advocacy. The Organization builds mentoring relationships in 132 Connecticut towns. These relationships unite children with committed volunteers, changing lives for the better, forever.

In addition to the traditional program, the Organization operates the Foster Grandparents Program. The Foster Grandparents Program matches low income senior citizens to children in schools, day care centers and head start programs. Low income seniors are paid a non-taxable stipend to reimburse them for certain time and expenses incurred by participating in the program.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Organization are prepared using the accrual basis of accounting in accordance with U. S. Generally Accepted Accounting Principles (GAAP). The Organization reports information regarding its financial position and activities consistent with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, according to the following three classes of net assets:

Unrestricted – Unrestricted net assets represent available resources other than temporarily or permanently restricted net assets.

Temporarily Restricted – Temporarily restricted net assets represent net assets that are subject to donor-imposed stipulations that are met either by the passage of time or by actions of the Organization.

Permanently Restricted – Permanently restricted net assets represent net assets that are subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation

The Organization had temporarily restricted assets of \$6,300 and \$6,012 as of June 30, 2016 and 2015, respectively, which were designated for the purchase of new laptops and a server upgrade. The Organization did not have any permanently restricted net assets at June 30, 2016 and 2015.

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 certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Credit Risk

The Organization maintains its cash and cash equivalents in financial institution accounts that, at times during the year, can exceed federally insured limits. The cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2016 and 2015.

Cash and Cash Equivalents

Cash equivalents consist of cash and money market accounts with original maturities of three months or less.

Investments

The Organization primarily invests in money market and mutual funds and follows the guidance on accounting for investments held by not-for-profit organizations, which requires that investments with readily determinable fair values be reported at fair value. Purchases and sales of securities are recorded on the trade date basis. Investment earnings include gains and losses on investments bought and sold as well as held during the year. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Receivables

Receivables expected to be collected within one year are recorded as current assets on the statements of financial position. Receivables are presented net of a bad debt allowance. Allowances for receivables are determined by management based on an assessment of their collectability, which includes consideration of past history, current economic conditions and overall viability of the third-party. Receivables are written off only when management believes amounts will not be collected. The allowance for doubtful accounts was \$0 and \$123,754 at June 30, 2016 and 2015, respectively, which at June 30, 2015 related to a single grantor.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is charged against income over their estimated useful lives, generally five years, using the straight-line method. Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvement or the lease term. Renewals and improvements which extend the useful lives of assets are capitalized at cost. Maintenance and repairs are included as expenses in the statements of activities.

Revenue Recognition

Grant revenue is recognized as costs are incurred. Receivables are recognized to the extent costs have been incurred, but not reimbursed. Conversely, a liability is recorded when grant advances exceed eligible costs (refundable advances).

Contributions are defined as voluntary, nonreciprocal transfers. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable.

Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of such assets. When a 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. The Organization's policy is to present temporarily restricted net assets received during the year whose restrictions are also met during the current year with unrestricted net assets. Contributions received that are contingent on the occurrence of a future event are deferred until the condition is substantially met, at which time they are recognized as support.

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Ticket sales for special events are generally recognized as revenue when the special event takes place. The portion of advance ticket sales that represents the fair value of direct donor benefits for special events that do not take place until the next fiscal year are recorded as a liability (deferred revenue). The portion of advance ticket sales that represents the donor's contribution may be recognized when the ticket is sold or when the event occurs, depending on management's assessment of the likelihood that the event will take place. During 2015, the Organization's annual golfing event, planned for June, was postponed to the next fiscal year due to rain. As of and for the year ended June 30, 2015, \$18,200 related to the golfer registration for the tournament was included in deferred revenue on the accompanying statements of financial position, and \$97,500 related to sponsorships and participant contributions have been recognized as revenue since the possibility that the tournament would not take place was remote.

Donated Goods and Services

The Organization records the value of donated goods when there is an objective basis available to measure their value. The Organization records the value of donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. Donated goods and services are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. For the years ended June 30, 2016 and 2015, \$101,160 and \$141,850, respectively, has been recognized as revenue in the financial statements for donated advertising services; \$31,200 and \$24,840, respectively, has been recognized for donated professional services, including annual report design, legal services and photography; \$62,697 and \$44,455, respectively, has been recognized for various donated gifts, which consist primarily of tickets to events; and \$9,544 and \$8,052, respectively, has been recognized for food donated to the participants of the Foster Grandparents Program.

Functional Allocation of Expenses

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

Advertising Costs

The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred.

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial instruments held by the Foundation. ASC 825, *Financial Instruments*, defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows:

- Level 1 – Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The Organization’s assets that are measured at fair value on a recurring basis as of June 30, 2016 and 2015 consist of mutual funds which are classified as investments and are considered Level 1 investments.

Investments in mutual funds are valued using market prices on active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. There has been no change in this valuation method from the prior year.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

During August 2016, the FASB issued ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. The amendment changes the requirements for certain disclosures for not-for-profit entities. The updates include classifying net assets in two classes – “net assets with donor restrictions” and “net assets without donor restrictions” and enhancing certain other disclosures. The update is effective for fiscal years beginning after December 15, 2017, with early application permitted. The Organization is currently evaluating the effects of this update.

3. Reserve Fund

The Board of Directors has designated \$45,385 and \$41,616 as of June 30, 2016 and 2015, respectively, as a reserve fund to support the mission of the Organization. The fund is comprised of unrestricted contributions received by the Organization, the total of which is held in investment and money market accounts. The reserve fund is included as part of unrestricted net assets. The Board approves all investment and spending decisions involving the fund. Changes in the reserve fund for the years ended June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Reserve fund, beginning of year	\$ 41,616	\$ 41,920
Investment gain (loss), net of fees	769	(304)
Contributions	3,000	-
Reserve fund, end of year	<u>\$ 45,385</u>	<u>\$ 41,616</u>

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

4. Investments

Investments as of June 30, 2016 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Mutual funds	\$ 44,031	\$ 41,119	\$ (2,912)

The following schedule summarizes the investment return for the year ended June 30, 2016:

Interest and dividends	\$ 1,700
Unrealized loss	<u>(930)</u>
	<u>\$ 770</u>

Investments as of June 30, 2015 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Mutual funds	\$ 41,885	\$ 39,903	\$ (1,982)

The following schedule summarizes the investment return for the year ended June 30, 2015:

Interest and dividends	\$ 1,632
Unrealized loss	<u>(1,937)</u>
	<u>\$ (305)</u>

5. Receivables

Unconditional pledges made to the Organization prior to June 30, 2016 and 2015 are recorded as receivables at June 30, 2016 and 2015. Receivables consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Contributions	\$ 200,921	\$ 14,825
Grants and contracts, net	101,755	86,176
HartSprings Foundation, Inc. (see Note 9)	7,631	1,902
Total	<u>\$ 310,307</u>	<u>\$ 102,903</u>

Amounts due in:

Less than one year	\$ 215,307	\$ 102,903
One to five years	95,000	-
	<u>\$ 310,307</u>	<u>\$ 102,903</u>

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

5. Receivables (continued)

As of June 30, 2015, amounts receivable from the Office of Juvenile Justice and Delinquency Prevention (OJJDP) represented 61% of total gross receivables, and carried a reserve of \$123,754, (see Note 2). The OJJDP receivable was written off during the year ended June 30, 2016. As of June 30, 2016, amounts receivable from one grantor were approximately 19% of total gross receivables and two pledges from individual donors were each approximately 26% of total gross receivables.

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	2016	2015
Leasehold improvements	\$ 18,950	\$ 18,950
Furniture and fixtures	23,080	23,080
Computers and software	103,435	97,190
	145,465	139,220
Less: accumulated depreciation	(120,003)	(111,592)
Total property and equipment, net	\$ 25,462	\$ 27,628

Depreciation expense related to property and equipment was \$8,411 and \$9,307 for the years ended June 30, 2016 and 2015, respectively.

7. Debt

Notes Payable

In January 2013, the Organization entered into an agreement with an unrelated third-party in the amount of \$25,000. The 2013 Promissory Note carried an interest rate of 3.71%, required monthly payments of principal and interest in the amount of \$735 and had a maturity date of January 8, 2016. The note was secured by the balance in the Organization's reserve fund (see Note 3). This loan was paid off in full during the year ended June 30, 2016.

Line of Credit

In April 2013, the Organization entered into a Line of Credit Agreement with an unrelated third-party that allows borrowings of up to \$75,000 as of June 30, 2016 and 2015. Interest is payable monthly on amounts outstanding at a rate of 4% per annum, payable in arrears. The line of credit is due in full by May 30, 2017 unless extended by the lender. There was \$0 outstanding under the line of credit at June 30, 2016 and 2015.

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

8. United Way Allocations

The following is a schedule of support from the various United Way contributing agencies:

	June 30,	
	2016	2015
United Way of the Capitol Area, Inc.	\$ 144,000	\$ 160,000
United Way of West Central Connecticut	4,000	4,250
United Way of Northwest Connecticut, Inc.	8,453	9,784
United Way of Southington	2,750	3,000
United Way of Naugatuck and Beacon Falls, Inc.	3,229	4,848
United Way of Meriden and Wallingford	6,708	7,883
United Way of Greater Waterbury	14,061	14,059
United Way of Middlesex	-	55
Total	\$ 185,217	\$ 205,839

9. HartSprings Foundation, Inc.

HartSprings Foundation, Inc. (HartSprings) is a nonprofit organization co-founded in 1997 with Big Brothers / Big Sisters of Hampden County, Inc. and currently is controlled and operated by Big Brothers / Big Sisters of Hampden County, Inc. HartSprings solicits and collects donations of clothing, which are then sold to an unrelated company. The Organization has an agreement through December 31, 2016 to allow HartSprings to solicit donations in Hartford, Tolland, Windham, Middlesex, and upper New Haven Counties in Connecticut under the Organization's name in exchange for a fixed dollar amount per pound of clothing collected. For the years ended June 30, 2016 and 2015, Nutmeg Big Brothers / Big Sisters, Inc. earned \$89,993 and \$45,893, respectively, from HartSprings under the agreement.

10. Special Events

The Organization holds several special events during the year, including Bowl for Kids, the Annual Golf Tournament, and the Annual Gala. Special event revenues are shown net of related expenses in the accompanying Statements of Activities and Changes in Net Assets. Gross special events revenue and expenses for the years ended June 30, 2016 and 2015 are as follows:

	2016		2015	
Gross revenue	\$ 363,268	\$	331,331	
Less: costs of direct benefits to donors	(134,109)		(64,424)	
Special events revenue, net	\$ 229,159	\$	266,907	

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

10. Special Events (continued)

The Organization's annual golfing event scheduled for June 2015 was postponed to the next fiscal year due to rain, therefore, the net special events revenue for the year ended June 30, 2015 includes only sponsorships and the donation portion of the ticket cost, and not golfer registration.

11. Income Taxes

The Organization has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. The Organization files Form 990, *Return of Organization Exempt From Income Tax*, which is subject to examination by the IRS for three years until the applicable statute of limitation expires.

12. Operating Lease Commitments

The Organization has a lease for office space in Hartford, Connecticut through December 2019 that requires a monthly lease payment of \$4,519. Rent expense for the years ended June 30, 2016 and 2015 was \$54,228 and \$59,877, respectively.

Future minimum rental payments under non-cancelable operating leases are \$54,228 for the years ended June 30, 2017 through June 30, 2019 and \$27,114 for the year ended June 30, 2020.

13. Affiliate Transactions

The Organization is a local affiliate of Big Brothers / Big Sisters of America, Inc. (the national affiliate). The Organization pays membership dues and fees for use of the national affiliate's software. Amounts paid to the national affiliate totaled \$16,489 and \$17,133 for the years ending June 30, 2016 and 2015, respectively.

14. Concentration of Support and Revenue

The Organization receives a significant amount of support from the U.S. Federal Government for the Foster Grandparents Program in the form of grants. For the years ended June 30, 2016 and 2015, this support was approximately 14% of total revenues. A significant reduction in the level of this support could have a material effect on the Organization's ability to continue the Foster Grandparents Program and related activities.

During the year ended June 30, 2016, the Organization recognized contributions receivable from three donors who made multi-year pledges that collectively amounted to approximately 16% of total revenues.

Nutmeg Big Brothers / Big Sisters, Inc.
Notes to Financial Statements (continued)

15. Employee Benefit Plan

The Organization has a defined contribution plan covering all eligible employees. The Organization currently does not make contributions to the plan.

16. Litigation

The Organization periodically is subject to claims that arise in the ordinary course of operations. It is the opinion of management that the disposition or ultimate resolution of such claims will not have a material adverse effect on the financial position of the Organization.

17. Subsequent Events

The Organization has evaluated events occurring between June 30, 2016 and November 17, 2016, the date the financial statements were available to be issued.