

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Brothers Big Sisters of the Ozarks, Inc.
3372 W. Battlefield
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We have audited the accompanying statement of financial position of **Big Brothers Big Sisters of the Ozarks, Inc.** (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the Ozarks, Inc.**, as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Hlavacek, Morris, McIntyre, Yates & Danielson, P.C.

August 5, 2009

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2008

Assets

Current assets:

Cash and cash equivalents	\$ 174,139
Investments	50,043
Prepaid expenses	3,800

Total current assets 227,982

Property and equipment, at cost:

Furniture and fixtures	43,851
Building	358,455
Land	787,000

Less accumulated depreciation 63,323

1,125,983

\$ 1,353,965

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 1,480
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Total current liabilities 1,480

Net assets:

Unrestricted	1,285,151
Temporarily restricted	38,366
Permanently restricted	28,968

Total net assets 1,352,485

\$ 1,353,965

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Support:				
Contributions and grants	<u>\$ 1,063,076</u>	<u>\$ 1,515</u>	<u>-</u>	<u>\$ 1,064,591</u>
Total support	<u>1,063,076</u>	<u>1,515</u>	<u>-</u>	<u>1,064,591</u>
Revenue:				
Fund raising	338,290	-	-	338,290
Realized gain on investments	-	1,229	1,635	2,864
Interest	2,806	-	-	2,806
Other income	23,065	-	-	23,065
Net assets released from restrictions	<u>6,526</u>	<u>(4,712)</u>	<u>(1,814)</u>	<u>-</u>
Total revenue	<u>370,687</u>	<u>(3,483)</u>	<u>(179)</u>	<u>367,025</u>
Total support and revenue	<u>1,433,763</u>	<u>(1,968)</u>	<u>(179)</u>	<u>1,431,616</u>
Expenses:				
Program services	475,774	-	-	475,774
Management and general	33,121	-	-	33,121
Fund raising	147,946	-	-	147,946
Unrealized loss on investments	<u>-</u>	<u>10,043</u>	<u>13,753</u>	<u>23,796</u>
Total expenses	<u>656,841</u>	<u>10,043</u>	<u>13,753</u>	<u>680,637</u>
Change in net assets	776,922	(12,011)	(13,932)	750,979
Net assets:				
Beginning of year	<u>508,229</u>	<u>50,377</u>	<u>42,900</u>	<u>601,506</u>
End of year	<u>\$ 1,285,151</u>	<u>\$ 38,366</u>	<u>\$ 28,968</u>	<u>\$ 1,352,485</u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2008

Cash flows from operating activities:	
Increase in net assets	\$ 750,979
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,605
Realized gain on investments	(2,864)
Unrealized loss on investments	23,796
Net changes in operating accounts:	
Prepaid expenses	15,275
Accounts payable	(4,482)
Net cash provided by operating activities	<u>800,309</u>
Cash flows from investing activities:	
Purchase of property and equipment	(790,147)
Proceeds from sale of investments	<u>70,011</u>
Net cash used in investing activities	<u>(720,136)</u>
Increase in cash and cash equivalents	80,173
Cash and cash equivalents:	
Beginning of year	<u>93,966</u>
End of year	<u>\$ 174,139</u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2008

	Program Service	Supporting Services		Total
		Management and General	Fund Raising	
Compensation	\$ 310,794	\$ 20,879	\$ 77,514	\$ 409,187
Fund raising events	11,840	-	51,124	62,964
Payroll taxes	23,310	2,906	4,286	30,502
Office supplies	17,201	775	2,393	20,369
Insurance	17,196	955	955	19,106
Professional fees	13,057	-	972	14,029
Telephone and internet	9,709	419	1,125	11,253
Scholarship award	10,583	-	-	10,583
Rent and utilities	9,208	512	511	10,231
Membership fees	6,900	460	2,140	9,500
Travel	7,456	-	1,349	8,805
Program supplies	6,875	-	-	6,875
Postage	5,808	-	677	6,485
Repairs and maintenance	4,977	220	822	6,019
Appreciation banquet	-	4,229	-	4,229
Training	3,874	-	-	3,874
Meals	263	316	1,350	1,929
Real estate taxes	1,572	87	87	1,746
Advertising	1,067	-	-	1,067
Other expenses	-	483	-	483
Total expenses before depreciation expense	461,690	32,241	145,305	639,236
Depreciation expense	14,084	880	2,641	17,605
	<u><u>\$ 475,774</u></u>	<u><u>\$ 33,121</u></u>	<u><u>\$ 147,946</u></u>	<u><u>\$ 656,841</u></u>

See accompanying notes to the financial statements.

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Big Brothers Big Sisters of the Ozarks, Inc. (the Organization) is a not-for-profit organization dedicated to helping single-parent children in southwest Missouri by building friendships through a one-on-one matching program with screened adult volunteers. Revenues are derived principally from the United Way of the Ozarks and various fund raising projects. Other receipts consist of contributions from businesses, individuals and occasional grants from various government and private agencies.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional allocation of expenses

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

Income taxes

The Organization is a not-for-profit corporation qualifying for tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code as stated in a determination letter from the Internal Revenue Service dated March 21, 1972. There was no unrelated business income for 2008. Therefore, no provision for income taxes has been recorded.

Statement of cash flows

In accordance with SFAS No. 95, cash equivalents include time deposits, certificates of deposit, money market funds, and all highly liquid instruments with maturities of three months or less at the date of their acquisition.

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

The Organization has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Contributed services

The Organization receives donated services from unpaid volunteers during the year. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

Use of estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Property and equipment

Property and equipment are recorded at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed on a straight-line basis over the useful lives of the assets.

NOTE 2 - INVESTMENTS

Investments, stated at fair value, at December 31, 2008 include:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Funds invested at the direction of The Community Foundation, Inc:			
Endowment Fund #1	\$ 12,725	\$ 21,075	\$ 21,075
Endowment Fund #2	12,000	15,138	15,138
Jake Piatchek Endowment Fund	14,607	13,830	13,830
	<u>\$ 104,332</u>	<u>\$ 50,043</u>	<u>\$ 50,043</u>

BIG BROTHERS BIG SISTERS OF THE OZARKS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are classified by the Organization as follows:

Endowment #1	\$	21,075
Sarah's Goal Foundation		<u>17,291</u>
	\$	<u>38,366</u>

NOTE 4 - PERMANENTLY RESTRICTED ASSETS

Permanently restricted assets are restricted to investments in perpetuity, the income from which is expendable to support the Organization.

Jake Piatchek Endowment	\$	13,830
Endowment Fund #2		<u>15,138</u>
	\$	<u>28,968</u>

NOTE 5 - LEASE COMMITMENT

The Organization has entered into a lease agreement an office copier. The Toshiba copy machine was leased from Toshiba Financial Services on a 36 month lease, which will expire on October 11, 2010. Future minimum lease payments, on an annual basis, are as follows:

2009	\$	3,274
2010		2,455
2011		-
2012		-
2013		-
Thereafter		<u>-</u>
	\$	<u>5,729</u>