

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Big Brothers Big Sisters of Helena, Inc.

June 30, 2010 and 2009

Big Brothers Big Sisters of Helena, Inc.

June 30, 2010 and 2009

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Assets, Liabilities and Net Assets - Cash Basis	2
Statements of Revenues, Expenses and Changes in Net Assets - Cash Basis	3
Statements of Functional Expenses - Cash Basis	4-5
Notes to the Financial Statements.....	6-11

INDEPENDENT AUDITOR'S REPORT

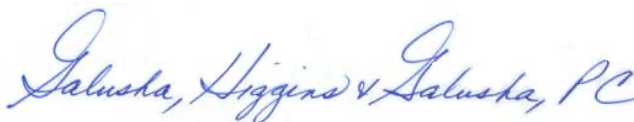
To the Board of Directors
Big Brothers Big Sisters of Helena, Inc.
Helena, Montana

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of Big Brothers Big Sisters of Helena, Inc. (a nonprofit Organization), as of June 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets - cash basis and statements of functional expenses - cash basis for the years 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 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 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 audits provide a reasonable basis for our opinion.

As described in Note A, the Organization prepares its financial statements on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Big Brothers Big Sisters of Helena, Inc. as of June 30, 2010 and 2009, and its revenue and expenses and changes in net assets for the years then ended on the basis of accounting described in Note A.



GALUSHA, HIGGINS AND GALUSHA, PC
Certified Public Accountants and Advisors

Helena, Montana
December 31, 2010

Big Brothers Big Sisters of Helena, Inc.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
June 30,

ASSETS

	2010	2009
Cash and cash equivalents	\$ 66,395	\$ 19,301
Investments (board designated)	1,893	35,739
Interest in net assets of the Montana Community Foundation	-	4,863
Total assets	\$ 68,288	\$ 59,903

NET ASSETS

Unrestricted		
Undesignated	\$ 61,395	\$ 19,164
Board designated	1,893	35,739
Total unrestricted	63,288	54,903
Permanently restricted	5,000	5,000
Total net assets	\$ 68,288	\$ 59,903

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of Helena, Inc.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS- CASH BASIS for the years ended June 30,

	2010	2009
UNRESTRICTED NET ASSETS		
Unrestricted revenues and gains:		
Grants	\$ 82,860	\$ 62,390
Donations	86,459	104,639
Special events, net	114,858	108,263
Unrealized gain (loss) on investments	246	(9,521)
Realized gain (loss) on investments	140	(398)
Investment dividends and interest	119	2,359
Total unrestricted revenues and gains	284,682	267,732
Expenses:		
Program services:		
Child/Adult matching	210,340	258,710
Support services:		
General and administrative	30,873	37,902
Fundraising	35,084	37,389
Total expenses	276,297	334,001
Change in unrestricted net assets	8,385	(66,269)
Net assets at beginning of year	54,903	121,172
Net assets at end of year	63,288	54,903
PERMANENTLY RESTRICTED NET ASSETS		
Net assets at beginning of year	5,000	5,000
Change in permanently restricted net assets	-	-
Net assets at end of year	5,000	5,000
TOTAL NET ASSETS	\$ 68,288	\$ 59,903

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of Helena, Inc.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
for the year ended June 30, 2010

	Program Services	Support Services		Total
	Child/ Adult Matching	General and Administrative	Fund- Raising	
FUNCTIONAL EXPENSES:				
Accounting	\$ 6,669	\$ 1,156	\$ 1,067	\$ 8,892
Advertising and publicity	3,108	436	603	4,147
Dues and subscriptions	6,777	1,175	1,084	9,036
Equipment purchase and maintenance	145	25	23	193
Insurance	6,551	1,135	1,048	8,734
Match expense	7,985	-	-	7,985
Meeting and work shops	816	141	131	1,088
Mentoring	2,158	374	345	2,877
Miscellaneous	2,704	469	433	3,606
Payroll expense	155,859	22,773	26,577	205,209
Printing and postage	1,866	467	1,260	3,593
Rent	10,016	1,736	1,603	13,355
Supplies	3,109	539	497	4,145
Telephone	2,092	363	335	2,790
Travel	485	84	78	647
Total functional expenses	<u>\$ 210,340</u>	<u>\$ 30,873</u>	<u>\$ 35,084</u>	<u>\$ 276,297</u>

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of Helena, Inc.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
for the year ended June 30, 2009

	Program Services	Support Services		Total
	Child/ Adult Matching	General and Administrative	Fund- Raising	
FUNCTIONAL EXPENSES:				
Accounting	\$ 6,495	\$ 1,126	\$ 1,039	\$ 8,660
Advertising and publicity	5,836	980	1,084	7,900
Dues and subscriptions	7,518	1,303	1,203	10,024
Equipment purchase and maintenance	763	132	122	1,017
Insurance	14,024	2,431	2,244	18,699
Match expense	3,020	523	483	4,026
Meeting and work shops	1,843	319	295	2,457
Mentoring	1,244	216	199	1,659
Miscellaneous	1,854	321	297	2,472
Payroll expense	198,331	27,359	26,849	252,539
Printing and postage	784	245	854	1,883
Rent	11,085	1,921	1,774	14,780
Supplies	3,280	569	525	4,374
Telephone	1,809	314	289	2,412
Travel	824	143	132	1,099
Total functional expenses	<u>\$ 258,710</u>	<u>\$ 37,902</u>	<u>\$ 37,389</u>	<u>\$ 334,001</u>

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of Helena, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **Organization** - Big Brothers Big Sisters of Helena, Inc., (the Organization) was incorporated on April 15, 1971. The primary purpose of the Organization is to improve the welfare of children by providing to children a role model and mentor on an individual basis. The Organization operates in Helena, Montana and the surrounding area.
2. **Basis of Accounting** - The Organization prepares its financial statements using the cash basis of accounting; consequently, certain support and revenues are recognized when received rather than when pledged or earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.
3. **Financial Statement Presentation** - The Organization has adopted the Financial Accounting Standards Board's (FASB) *Not-for-Profit Entities: Presentation of Financial Statements*. The Organization is required to report information regarding its assets, liabilities, and net assets - cash basis and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets include assets which are available for general operations of the Organization.

Temporarily restricted net assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. The Organization has no temporarily restricted net assets.

Permanently restricted net assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

4. **Income Tax Status** - The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for federal income tax has been made. As a matter of law, Big Brothers Big Sisters of Helena, Inc. is subject to examination by federal and state taxing authorities for the 2006 through 2009 tax years. Although management believes that the amounts reflected in Big Brothers Big Sisters of Helena, Inc.'s tax returns substantially complies with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to Big Brothers Big Sisters of Helena, Inc.'s position based on their interpretation of the law. A tax position that is challenged by a taxing authority could result in an adjustment to income taxes. If any penalties and interest were incurred by Big Brothers Big Sisters of Helena, Inc. they would be recorded in the penalties and interest expense account.

Continued

Big Brothers Big Sisters of Helena, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Cash and Cash Equivalents - Cash and cash equivalents consist of petty cash, interest-bearing bank accounts and money market accounts not included in investments.
6. Investments - The Organization has adopted FASB's *Not-for-Profit Entities: Investments-Debt and Equity Securities*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statements of Assets, Liabilities, and Net Assets - Cash Basis. 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.
7. Equipment and Furniture - Equipment and furniture are immaterial to the financial statements; therefore they are expensed when purchased, which is consistent with the cash basis of accounting.
8. Contributions - The Organization has adopted FASB's *Not-for-Profit Entities: Revenue Recognition*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Donations received by the Organization are available for unrestricted use. Grants received are temporarily restricted support until expended for the stipulated purpose. All temporarily restricted support restrictions are met in the same year the support is received, therefore, classified under unrestricted support.
9. In-kind Donations - Donated materials are reflected as contributions at their estimated value at date of receipt and are recorded as expenses for operations if the estimated value exceeds \$1,000.
10. Donated Services - The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.
11. Functional Expenses - Big Brothers Big Sisters of Helena, Inc., allocates expenses on a functional basis among programs, management and general, and fundraising expenses. Direct expenses are charged to the appropriate function; expenditures not directly related to a function are allocated on the basis of percent of total time spent. The principal program is:

Child/Adult Matching - Child/Adult matching consists of direct payments made for the cost of finding, matching, and evaluating children and adults.
12. Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to June 30, 2010 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2010. Management has performed this analysis through December 31, 2010, the date the financial statements were available to be issued.

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Big Brothers Big Sisters of Helena, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE B - SPECIAL EVENT REVENUE

Special events represent fundraising revenue. Costs associated with special events have been netted against the gross proceeds in the amount of \$36,026 and \$41,014 in 2010 and 2009, respectively.

NOTE C - INVESTMENTS

Investments are reported at market value and consist of the following at June 30:

	2010		2009	
	Fair Market Value	Cost	Fair Market Value	Cost
Investments	<u>\$ 1,893</u>	<u>\$ 1,893</u>	<u>\$ 35,739</u>	<u>\$ 33,228</u>

NOTE D - INTEREST IN NET ASSETS OF THE MONTANA COMMUNITY FOUNDATION

During the fiscal year ended June 30, 2000, the Organization transferred \$5,000 to the Montana Community Foundation as an agency account for the purpose of establishing an endowment the beneficiary of which will be the Organization. Montana Community Foundation will distribute the earnings on the endowment less an administration fee to the Organization. The original contribution amount is permanently restricted. Income, gains and losses are not restricted. The entire remaining balance of this agency account was returned to the Organization during the year ended June 30, 2010. However, the \$5,000 is still permanently restricted.

The Organization is the designated beneficiary of an endowment fund held at the Montana Community Foundation (MCF). The donor granted variance power to the MCF, therefore, these assets are not included in the Organization's Statements of Assets, Liabilities, and Net Assets – Cash Basis. The earnings on the endowment fund held at the MCF are paid to the beneficiary, namely the Organization at the discretion of the MCF's Board of Directors. Earnings distributed to the Organization are recorded as contributions in the year of receipt.

The total fair market value in the endowment account that is not included in the Statement of Assets, Liabilities, and Net Assets - Cash Basis is \$8,149 and \$6,176 at June 30, 2010 and 2009, respectively.

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Big Brothers Big Sisters of Helena, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE E - BOARD DESIGNATED NET ASSETS

The Board has identified a portion of unrestricted net assets as “board designated” and restricted the use of certain assets to be available for Board designated use. These assets, which consist of investments, are held in trust to be utilized at the discretion and specific approval of the Board of Directors. These assets have not been designated for a specific purpose at June 30, 2010.

NOTE F - OPERATING LEASE

On January 1, 2009, the Organization entered into a three year non-cancellable lease that expires 36 months after the date of the lease. Monthly rental payments start out at \$1,061 per month and increase over the lease term to \$1,170, which includes utilities. The future minimum rental payments are:

June 30, 2011	\$ 13,704
June 30, 2012	<u>7,020</u>
Total	<u>\$ 20,724</u>

NOTE G - EMPLOYEE BENEFIT PLAN

An employee benefit plan is offered to employees staffed at more than 20 hours per week. Employees are eligible to participate after they have successfully concluded their probationary period of 180 days following the date of hire.

The employee benefit plan offers eligible employees the opportunity to participate in a flex plan and contribute \$400 per month towards reimbursement for child care expenses or reimbursement for health insurance. The employer does not match employee deferrals.

NOTE H - FAIR VALUE MEASUREMENTS

FASB’s *Fair Value Measurements*, establishes a framework for measuring fair value. That 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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Big Brothers Big Sisters of Helena, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE H - FAIR VALUE MEASUREMENTS, continued

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: <ul style="list-style-type: none">- 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.

Following is a description of the valuation methodologies used for assets measured at fair value.

Investments: Valued on quoted market prices for those investments.

The preceding methods described 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.

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Big Brothers Big Sisters of Helena, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE H - FAIR VALUE MEASUREMENTS, continued

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2010:

Assets at Fair Value as of June 30, 2010:				
	Level 1	Level 2	Level 3	Total
Investments	\$ 1,893	\$ -	\$ -	\$ 1,893

Assets at Fair Value as of June 30, 2009:				
	Level 1	Level 2	Level 3	Total
Investments	\$ 35,739	\$ -	\$ -	\$ 35,739

NOTE I - LINE OF CREDIT

The Organization opened a line of credit on December 15, 2009 in the amount of \$30,000 from Mountain West Bank. The line of credit matured on December 15, 2010. The Organization did not utilize the line of credit during the year ended June 30, 2010. Interest is accrued on the outstanding balance at the rate of 5.5%.

Concluded