

**BEST FRIENDS OF NEENAH-MENASHA, INC.**

**NEENAH, WISCONSIN**

**REVIEWED FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

**BEST FRIENDS OF NEENAH-MENASHA, INC.  
NEENAH, WISCONSIN**

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## **Erickson & Associates, S.C.**

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### **INDEPENDENT ACCOUNTANT'S REPORT**

To the Board of Directors  
Best Friends of Neenah-Menasha, Inc.  
Neenah, Wisconsin

We have reviewed the accompanying statement of financial position of Best Friends of Neenah-Menasha, 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 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Best Friends of Neenah-Menasha, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

The financial statements for the year ended December 31, 2007, were audited by us and we expressed an unqualified opinion on them in our report dated June 25, 2008, but we have not performed any auditing procedures since that date.

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.

April 10, 2009

**BEST FRIENDS OF NEENAH-MENASHA, INC.**  
**NEENAH, WISCONSIN**

**STATEMENTS OF FINANCIAL POSITION**

December 31,

(See Independent Accountant's Report)

ASSETS

	<u>2008</u> (Reviewed)	<u>2007</u> (Audited)
Current assets:		
Cash and cash equivalents	\$ 31,524	\$ 39,955
Unconditional promises to give	4,156	2,720
Grants receivable	2,500	--
Investments	687,113	910,076
Prepaid expenses	<u>1,820</u>	<u>2,111</u>
Total current assets	<u>727,113</u>	<u>954,862</u>
Property and equipment:		
Furniture and equipment	13,678	12,765
Less accumulated depreciation	<u>12,036</u>	<u>9,072</u>
Net property and equipment	<u>1,642</u>	<u>3,693</u>
Other assets:		
Beneficial interest in assets held by the Community Foundation	<u>1,144</u>	<u>1,371</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 729,899</u></u>	<u><u>\$ 959,926</u></u>

LIABILITIES AND NET ASSETS

	<u>2008</u> (Reviewed)	<u>2007</u> (Audited)
Current liabilities:		
Accounts payable	\$ 638	\$ 560
Deferred revenue	--	10,600
Payroll liabilities	<u>10,562</u>	<u>--</u>
Total current liabilities	<u>11,200</u>	<u>11,160</u>
Net assets:		
Unrestricted:		
Property and equipment, net	1,642	3,693
Investments	687,113	910,076
Beneficial interest in assets held by the Community Foundation	1,144	1,371
Undesignated	<u>10,823</u>	<u>23,209</u>
Total unrestricted	700,722	938,349
Temporarily restricted	<u>17,977</u>	<u>10,417</u>
Total net assets	<u>718,699</u>	<u>948,766</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 729,899</u></u>	<u><u>\$ 959,926</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**BEST FRIENDS OF NEENAH-MENASHA, INC.**  
**NEENAH, WISCONSIN**

**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31,  
(See Independent Accountant's Report)

	2008 (Reviewed)		Totals
	Unrestricted	Temporarily Restricted	
Support and revenue			
Fund-raising events	\$ 69,775	\$ --	\$ 69,775
Direct cost of fundraising events	( 27,498)	--	( 27,498)
Net fund-raising support	42,277	--	42,277
Public support, fees, grants, and revenues:			
United Way	129,287	--	129,287
Contributions	38,340	4,883	43,223
Grants	3,000	44,839	47,839
In-kind donations	10,695	--	10,695
Program fees	3,443	--	3,443
Interest and dividends, net of fees	20,747	--	20,747
Gain (loss) on investments	( 186,196)	--	( 186,196)
Gain (loss) on beneficial interest in assets held by the Community Foundation	( 227)	--	( 227)
Miscellaneous	47	--	47
Net assets released from restrictions:			
Satisfaction of program restrictions	40,445	( 40,445)	--
Satisfaction of time restrictions	1,717	( 1,717)	--
Total public support, fees, grants, and other revenues	103,575	7,560	111,135
Expenses:			
Program services	277,584	--	277,584
Management and general	37,302	--	37,302
Fund-raising	26,316	--	26,316
Total expenses	341,202	--	341,202
Change in net assets	( 237,627)	7,560	( 230,067)
Net assets, beginning of year	938,349	10,417	948,766
Net assets, end of year	\$ 700,722	\$ 17,977	\$ 718,699

2007 (Audited)		
Unrestricted	Temporarily Restricted	Totals
\$ 69,843	\$ --	\$ 69,843
<u>( 26,975)</u>	<u>--</u>	<u>( 26,975)</u>
42,868	--	42,868
126,752	--	126,752
43,052	2,415	45,467
12,500	34,856	47,356
17,102	--	17,102
2,008	--	2,008
35,917	--	35,917
33,382	--	33,382
132	--	132
138	--	138
40,072	( 40,072)	
<u>634</u>	<u>( 634)</u>	<u>--</u>
<u>354,557</u>	<u>( 3,435)</u>	<u>351,122</u>
251,253	--	251,253
32,134	--	32,134
<u>25,300</u>	<u>--</u>	<u>25,300</u>
<u>308,687</u>	<u>--</u>	<u>308,687</u>
45,870	( 3,435)	42,435
<u>892,479</u>	<u>13,852</u>	<u>906,331</u>
<u>\$ 938,349</u>	<u>\$ 10,417</u>	<u>\$ 948,766</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**BEST FRIENDS OF NEENAH-MENASHA, INC.**  
**NEENAH, WISCONSIN**

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Years Ended December 31,  
(See Independent Accountant's Report)

2008  
(Reviewed)

	Program Services	Management and General	Fund- Raising	Total
Salaries and wages	\$ 160,790	\$ 21,812	\$ 18,060	\$ 200,662
Employee benefits	20,408	2,768	2,292	25,468
Payroll taxes	10,714	1,453	1,204	13,371
Professional services	1,100	3,300	--	4,400
Supplies	1,913	1,234	118	3,265
Telephone	2,002	439	--	2,441
Postage	4,110	724	866	5,700
Occupancy	21,363	2,262	1,508	25,133
Insurance	2,126	1,046	98	3,270
Equipment rental and maintenance	5,240	411	182	5,833
Membership dues and subscriptions	1,117	109	236	1,462
Travel	2,184	296	246	2,726
Meeting and training	2,516	464	361	3,341
Marketing	1,758	50	668	2,476
Printing	7,106	474	315	7,895
Depreciation	2,371	445	148	2,964
Miscellaneous	262	15	14	291
Scholarships and grants	6,087	--	--	6,087
Camp Onaway supplies	1,817	--	--	1,817
Match Christmas party supplies	1,420	--	--	1,420
Volunteer recognition supplies	580	--	--	580
Program supplies / activity fees	20,600	--	--	20,600
<b>Total expenses</b>	<b>\$ 277,584</b>	<b>\$ 37,302</b>	<b>\$ 26,316</b>	<b>\$ 341,202</b>

2007  
(Audited)

Program Services	Management and General	Fund- Raising	Total
\$ 146,578	\$ 18,708	\$ 16,167	\$ 181,453
18,424	2,352	2,032	22,808
10,480	1,338	1,155	12,973
1,077	3,231	--	4,308
1,966	734	234	2,934
1,793	394	--	2,187
4,543	101	404	5,048
15,473	1,638	1,092	18,203
2,001	985	92	3,078
3,455	447	163	4,065
951	130	360	1,441
1,957	621	528	3,106
2,002	167	2,001	4,170
1,271	176	508	1,955
8,319	555	369	9,243
2,899	544	181	3,624
241	13	14	268
4,705	--	--	4,705
1,688	--	--	1,688
1,422	--	--	1,422
1,326	--	--	1,326
18,682	--	--	18,682
<u>\$ 251,253</u>	<u>\$ 32,134</u>	<u>\$ 25,300</u>	<u>\$ 308,687</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.



**BEST FRIENDS OF NEENAH-MENASHA, INC.**  
**NEENAH, WISCONSIN**

**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31,  
(See Independent Accountant's Report)

	<u>2008</u> <u>(Reviewed)</u>	<u>2007</u> <u>(Audited)</u>
Cash flows from operating activities:		
Support received	\$ 251,533	\$ 274,085
Cash paid for operating expenses	( 316,612)	( 292,956)
Miscellaneous revenues received	47	138
Investment income received	<u>20,747</u>	<u>35,917</u>
Net cash provided by (used in) operating activities	<u>( 44,285)</u>	<u>17,184</u>
Cash flows from investing activities:		
Net decrease in investments	36,767	1,615
Payments for property and equipment	<u>( 913)</u>	<u>- -</u>
Net cash provided by investing activities	<u>35,854</u>	<u>1,615</u>
Net increase (decrease) in cash	( 8,431)	18,799
Cash - beginning of year	<u>39,955</u>	<u>21,156</u>
Cash - end of year	<u>\$ 31,524</u>	<u>\$ 39,955</u>
Significant non-cash items:		
In-kind donations of materials, supplies, and services	\$ 10,695	\$ 17,102

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

For the Years Ended December 31,

	<u>2008</u> <u>(Reviewed)</u>	<u>2007</u> <u>(Audited)</u>
Change in net assets	\$( 230,067)	\$ 42,435
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,964	3,624
(Gain) loss on investments	186,196	( 33,382)
(Gain) loss on assets held by the Community Foundation	227	( 132)
(Increase) decrease in operating assets:		
Unconditional promises to give	( 1,436)	( 966)
Grants receivable	( 2,500)	--
Prepaid expenses	291	( 620)
Increase (decrease) in operating liabilities:		
Accounts payable	78	( 1,602)
Deferred revenue	( 10,600)	10,600
Payroll liabilities	10,562	( 712)
Due to NEWMC	<u>    --</u>	<u>( 2,061)</u>
Net cash provided by (used in) operating activities	<u>\$( 44,285)</u>	<u>\$ 17,184</u>

**BEST FRIENDS OF NEENAH-MENASHA, INC.  
NEENAH, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
(See Independent Accountant's Report)

**Note 1. Summary of Significant Accounting Policies:**

**Nature of Activities**

Best Friends of Neenah-Menasha, Inc. (Organization) is a not-for-profit corporation organized in the State of Wisconsin to help young people thrive through the power of mentoring friendships and supportive family networks. The Organization is supported primarily through donor contributions, grants and the United Way.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting 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. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted net assets include all net assets that are not temporarily or permanently restricted.

Temporarily restricted net assets include contributed net assets for which donor time and purpose restrictions have not been met and the ultimate purpose of the contributions is not permanently restricted.

Permanently restricted net assets consist of amounts restricted by donors to be maintained by the Organization in perpetuity. There were no permanently restricted net assets at December 31, 2008.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Receivables are written off when deemed uncollectible. No allowance for uncollectible accounts has been provided since it is believed that the amount of such an allowance would be insignificant.

**Investments**

Investments are reported on the statement of financial position at fair market value as of the date of the statement. Investments are recorded at fair market value when received as a gift. All ordinary income and realized and unrealized gains and losses are accounted for on the statement of activities.

**BEST FRIENDS OF NEENAH-MENASHA, INC.  
NEENAH, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
(See Independent Accountant's Report)

**Note 1. Summary of Significant Accounting Policies - Continued:**

**Property and Equipment**

Property and equipment are valued at cost or, if donated, at fair value at the date of donation. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in income. Depreciation is computed on the straight-line method based on the estimated useful lives of the respective assets.

The Organization has adopted the practice of capitalizing all equipment purchases greater than \$500.

**Contributions and Unconditional Promises to Give**

Contributions are considered to be available for unrestricted uses unless specifically restricted by the donor.

Unconditional promises to give cash and other assets are reported at fair value on the date that the promise is received. Conditional promises to give and indications of intention to give are reported at fair value at the date the gift is deemed to be unconditional. The gifts are reported as either temporarily restricted or permanently restricted support if they are received 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 as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met within the same year as received are reflected as temporarily restricted contributions and net assets released from restrictions in the accompanying financial statements.

**In-Kind Donations**

The Organization records various types of in-kind contributions including professional services, equipment, and supplies. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by a like amount included in assets or expenses.

**Functional Expenses**

Expenses by function have been allocated among program and supporting services based on estimates made by the Organization's management.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassifications**

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

**BEST FRIENDS OF NEENAH-MENASHA, INC.  
NEENAH, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
(See Independent Accountant's Report)

**Note 2. Investments:**

Investments are held in an endowment fund managed by Associated Wealth Management. Disbursements from the fund are only made with proper Board of Director's approval.

Investments consist of the following at December 31,

	2008		
	Cost	Fair Value	Excess (Deficiency) of Fair Value Under Cost
Cash investment fund	\$ 13,786	\$ 13,786	\$ --
Fixed income funds	378,662	381,674	3,012
Commingled funds	422,688	291,653	( 131,035)
	\$ 815,136	\$ 687,113	( 128,023)
Excess of fair value over cost at beginning of year			58,173
Unrealized (losses)			( 172,817)
Net realized (losses) for the year			( 13,379)
Net investment (loss) for the year			\$( 186,196)
	2007		
	Cost	Fair Value	Excess of Fair Value Over Cost
Cash investment fund	\$ 211,618	\$ 211,618	\$ --
Fixed income funds	215,835	218,211	2,376
Commingled funds	424,450	480,247	55,797
	\$ 851,903	\$ 910,076	58,173
Excess of fair value over cost at beginning of year			149,391
Unrealized gains			5,681
Net realized gain for the year			27,701
Net investment gain for the year			\$ 33,382

Investment income is reported net of fees of \$4,866 and \$5,244 for the years ended December 31, 2008 and 2007, respectively.

**BEST FRIENDS OF NEENAH-MENASHA, INC.  
NEENAH, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
(See Independent Accountant's Report)

**Note 3. Beneficial Interest in Funds Held by the Community Foundation:**

Beneficial interest in assets held by the Community Foundation consists of investments in pooled funds at Community Foundation for the Fox Valley Region, Inc. (CFFVR), which is carried at the fair value of the underlying securities in the fund. The following is a description of the fund for the year ended December 31, 2008:

Best Friends of Neenah-Menasha Future Fund

The fund was established in 2001 by the Organization for the benefit of Best Friends of Neenah-Menasha. The Board intends not to take distributions from the fund until it reaches a minimum of \$10,000. The CFFVR has variance power for this fund. Variance power allows the CFFVR to modify the restrictions on distributions from the funds. All assets of this fund are legally the assets of CFFVR. These funds are presented in the financial statements as unrestricted net assets.

Balances in these funds are as follows for the years ended December 31,

	2008	2007
	\$ 1,144	\$ 1,371

**Note 4. Temporarily Restricted Net Assets:**

Temporarily restricted net assets are restricted for a specific purpose as specified by the donor. The funds are not released to the unrestricted operations until that purpose or time restriction is met. Temporarily restricted net assets are available for the following purposes at December 31,

	2008	2007
Helping Hand Program	\$ 8,259	\$ 5,780
Single Parent Take a Break Program	1,562	1,917
Other contributions / grants	4,000	--
Promises to give - time restricted	4,156	2,720
	\$ 17,977	\$ 10,417

**BEST FRIENDS OF NEENAH-MENASHA, INC.  
NEENAH, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
(See Independent Accountant's Report)

**Note 4. Temporarily Restricted Net Assets - Continued:**

Net assets were released from donor restrictions by incurring expenses or capital expenditures satisfying the purpose specified by the donors as follows:

	2008	2007
Helping Hand Program	\$ 6,366	\$ 4,825
Single Parent Take a Break Program	406	341
School-based mentoring	1,100	14,756
Lunch mentoring program	4,656	--
After-school mentoring	4,100	9,415
Community-based mentoring	22,000	9,047
Camp Onaway supplies	1,817	1,688
Promises to give - time restrictions	1,717	634
	\$ 42,162	\$ 40,706

The Helping Hand Program is used to help support activity fees for young boys and girls whose family would not ordinarily be able to provide these fees on their own such as camping and other retreat fees, school pictures, yearbooks, and other school-related fees, sports events and training fees, and cultural event fees.

The Single Parent Take a Break Program is used to help provide single parents with the support needed to enjoy activities they would not ordinarily be able to provide on their own such as memberships to the YMCA and movie theater passes.

**Note 5. Tax Exempt Status:**

The Organization is a not-for-profit, voluntary health and welfare agency exempt from Federal income taxes under Sections 501(c)(3) and 170(b)(A)(vi) of the Internal Revenue code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors. The Organization is also exempt from Wisconsin income taxes.

**Note 6. Major Funding Source:**

Best Friends of Neenah-Menasha, Inc. received a majority of its public support from the following funding source for the years ended December 31,

	2008	2007
United Way	47%	45%

These percentages do not include investment activity, which is included with the Organization's revenues on the statements of activities.

**BEST FRIENDS OF NEENAH-MENASHA, INC.**  
**NEENAH, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
(See Independent Accountant's Report)

**Note 7. Self-Funding for State Unemployment Compensation:**

The Organization has elected to self-fund unemployment claims. As such, it pays no unemployment taxes to the State of Wisconsin. Payments are necessary only if an employee applies for unemployment compensation from the State. An irrevocable letter of credit for \$2,709 in favor of the Treasurer of the Unemployment Reserve Fund of the State of Wisconsin has been established with Associated Bank, N.A. to assure this reimbursement. The letter of credit expires December 31, 2010.

**Note 8. Lease:**

The Organization leases office space from United Community Services, Inc. under an operating lease. As a part of the lease agreement, each tenant must have a member on the board of United Community Services, as it has a volunteer board of directors. The executive director of Best Friends of Neenah-Menasha is a member of the board of directors of United Community Services, Inc. The lease automatically renews for successive five year terms unless proper notice of termination is given. The current renewed five year term ends December 31, 2011. Effective June 1, 2007, the Organization leased additional space under this lease and rent has increased accordingly. Rent expense was \$24,160 and \$15,999 for the years ended December 31, 2008 and 2007, respectively.

The Organization entered into a new lease with United Community Services, Inc. as of January 1, 2008. The term of this lease is for a period of three lease years beginning on January 1, 2008, and terminating at midnight on December 31, 2010. The lease automatically renews for successive three years unless proper notice of termination is given at least two months prior to the expiration of the then current lease term. Rent payments are due in the amount of \$2,013.35 per month and are subject to annual increases, which shall be determined by a majority vote of the Landlord's Board of Directors.

The future minimum lease payments are as follows for the years ending December 31,

2009	\$ 24,160
2010	<u>24,160</u>
Total	<u>\$ 48,320</u>

**Note 9. SEP (Simplified Employee Pension)/403 (b) plan:**

The Organization has adopted a tax deferred retirement plan (SEP) covering all employees after they are employed for 90 days. The Organization contributes monthly at 4% of each covered employee's salary to the plan. Total contributions for the years ended December 31, 2008 and 2007, were \$7,608 and \$7,236, respectively. Employees are allowed to make additional personal contributions to a 403(b) retirement plan. Employees are immediately vested at 100% in both plans.



**BEST FRIENDS OF NEENAH-MENASHA, INC.  
NEENAH, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
(See Independent Accountant's Report)

**Note 10. In-Kind Support:**

The value of donated materials and services included as revenue and support in the financial statements and the corresponding expenses are as follows for the years ended December 31,

	2008			
	Program Expenses	Management and General Expenses	Fund- Raising Expenses	Total
Program supplies / activity fees	\$ 5,844	\$ --	\$ --	\$ 5,844
Direct cost of fund-raising events	--	--	4,851	4,851
	\$ 5,844	\$ --	\$ 4,851	\$ 10,695
	2007			
	Program Expenses	Management and General Expenses	Fund- Raising Expenses	Total
Printing	\$ 1,138	\$ 76	\$ 50	\$ 1,264
Program supplies / activity fees	8,728	--	--	8,728
Direct cost of fund-raising events	--	--	6,790	6,790
Office expenses	214	80	26	320
	\$ 10,080	\$ 156	\$ 6,866	\$ 17,102