

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

**REVIEWED FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

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

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

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### **INDEPENDENT ACCOUNTANT'S REVIEW 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, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2011 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended December 31, 2010, were audited by us, and we expressed an unqualified opinion on them in our report dated May 4, 2011, but we have not performed any audit procedures since that date.

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.

April 23, 2012

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

**STATEMENTS OF FINANCIAL POSITION**  
December 31,

ASSETS

	<u>2011</u> <u>(Reviewed)</u>	<u>2010</u> <u>(Audited)</u>
Current assets:		
Cash and cash equivalents	\$ 38,277	\$ 43,491
Unconditional promises to give	4,850	2,600
Grants receivable	9,500	5,000
Available for sale securities	774,245	808,345
Prepaid expenses	<u>1,916</u>	<u>1,784</u>
Total current assets	<u>828,788</u>	<u>861,220</u>
Property and equipment:		
Property and equipment	19,782	16,141
Less accumulated depreciation	<u>14,246</u>	<u>12,831</u>
Net property and equipment	<u>5,536</u>	<u>3,310</u>
Other assets:		
Beneficial interest in assets held by the Community Foundation	<u>3,051</u>	<u>3,085</u>
Total assets	<u>\$ 837,375</u>	<u>\$ 867,615</u>

## LIABILITIES AND NET ASSETS

	<u>2011</u> <u>(Reviewed)</u>	<u>2010</u> <u>(Audited)</u>
Current liabilities:		
Accounts payable	\$ 2,168	\$ 658
Accrued payroll and payroll taxes	<u>8,978</u>	<u>8,287</u>
Total liabilities	<u>11,146</u>	<u>8,945</u>
Net assets:		
Unrestricted:		
Property and equipment, net	5,536	3,310
Investments	774,245	808,345
Beneficial interest in assets held by the Community Foundation	3,051	3,085
Undesignated	<u>25,183</u>	<u>33,462</u>
Total unrestricted	808,015	848,202
Temporarily restricted	<u>18,214</u>	<u>10,468</u>
Total net assets	<u>826,229</u>	<u>858,670</u>
Total liabilities and net assets	<u>\$ 837,375</u>	<u>\$ 867,615</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

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

**STATEMENTS OF ACTIVITIES**

For the Years Ended December 31,

	2011 (Reviewed)		Totals
	Unrestricted	Temporarily Restricted	
Support and revenue			
Fund-raising events	\$ 42,206	\$ --	\$ 42,206
Direct cost of fund-raising events	( 21,792 )	--	( 21,792 )
Net fund-raising support	20,414	--	20,414
Public support, fees, grants, and revenues			
United Way	142,140	--	142,140
Contributions	43,372	6,039	49,411
Grants	2,500	67,798	70,298
Donated supplies and services	27,582	--	27,582
Program fees	1,643	--	1,643
Miscellaneous revenues	1,461	--	1,461
Interest and dividends, net of fees	22,502	--	22,502
Gain (loss) on available for sale securities	( 12,297 )	--	( 12,297 )
Gain (loss) on beneficial interest in assets held by the Community Foundation	( 34 )	--	( 34 )
Net assets released from restrictions:			
Satisfaction of time restrictions	4,050	( 4,050 )	--
Satisfaction of program restrictions	62,041	( 62,041 )	--
Total public support, fees, grants, and revenues	315,374	7,746	323,120
Expenses			
Program services	286,084	--	286,084
Management and general	37,185	--	37,185
Fund-raising	32,292	--	32,292
Total expenses	355,561	--	355,561
Change in net assets	( 40,187 )	7,746	( 32,441 )
Net assets - beginning of year	848,202	10,468	858,670
Net assets - end of year	\$ 808,015	\$ 18,214	\$ 826,229

2010 (Audited)		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
\$ 34,385	\$ --	\$ 34,385
( 14,677 )	--	( 14,677 )
<u>19,708</u>	<u>--</u>	<u>19,708</u>
135,568	--	135,568
49,168	2,600	51,768
--	74,382	74,382
9,824	--	9,824
1,682	--	1,682
--	--	--
19,303	--	19,303
54,942	--	54,942
396	--	396
2,625	( 2,625 )	--
<u>71,424</u>	<u>( 71,424 )</u>	<u>--</u>
<u>364,640</u>	<u>2,933</u>	<u>367,573</u>
257,256	--	257,256
32,597	--	32,597
26,490	--	26,490
<u>316,343</u>	<u>--</u>	<u>316,343</u>
48,297	2,933	51,230
<u>799,905</u>	<u>7,535</u>	<u>807,440</u>
<u>\$ 848,202</u>	<u>\$ 10,468</u>	<u>\$ 858,670</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

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

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Years Ended December 31,

2011

(Reviewed)

	Program Services	Management and General	Fund- Raising	Total
Salaries and wages	\$ 159,030	\$ 25,827	\$ 18,506	\$ 203,363
Employee benefits	17,174	2,789	1,998	21,961
Payroll taxes	12,467	2,025	1,451	15,943
Professional services	5,906	579	571	7,056
Supplies	2,740	1,287	2,893	6,920
Telephone	1,661	810	--	2,471
Postage	3,027	432	865	4,324
Occupancy	27,271	1,818	1,212	30,301
Insurance	3,212	214	143	3,569
Equipment rental and maintenance	6,230	485	207	6,922
Membership dues and subscriptions	700	348	312	1,360
Travel	2,329	52	236	2,617
Meeting and training	1,064	32	177	1,273
Marketing	12,583	216	2,602	15,401
Printing	6,223	186	1,035	7,444
Miscellaneous	251	14	14	279
Scholarships and grants	2,748	--	--	2,748
Camp Onaway expenses	960	--	--	960
Match Christmas party supplies	1,433	--	--	1,433
Volunteer recognition supplies	808	--	--	808
Program supplies / activity fees	16,993	--	--	16,993
Depreciation	1,274	71	70	1,415
<b>Total expenses</b>	<b>\$ 286,084</b>	<b>\$ 37,185</b>	<b>\$ 32,292</b>	<b>\$ 355,561</b>



2010  
(Audited)

Program Services	Management and General	Fund- Raising	Total
\$ 152,253	\$ 24,028	\$ 18,118	\$ 194,399
15,106	2,384	1,797	19,287
11,030	1,741	1,312	14,083
3,275	321	314	3,910
3,099	586	303	3,988
2,041	510	--	2,551
3,170	396	1,862	5,428
23,758	1,584	1,056	26,398
3,178	212	141	3,531
4,046	315	134	4,495
1,232	--	280	1,512
2,562	189	400	3,151
2,376	18	147	2,541
1,730	--	416	2,146
4,806	261	157	5,224
680	38	38	756
2,920	--	--	2,920
1,069	--	--	1,069
1,433	--	--	1,433
984	--	--	984
16,250	--	--	16,250
258	14	15	287
<u>\$ 257,256</u>	<u>\$ 32,597</u>	<u>\$ 26,490</u>	<u>\$ 316,343</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

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

**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31,

	<u>2011</u> (Reviewed)	<u>2010</u> (Audited)
Cash flows from operating activities:		
Support received	\$ 277,156	\$ 279,037
Miscellaneous revenues received	1,461	--
Cash paid for operating expenses	( 324,495 )	( 310,677 )
Investment fees paid	( 5,069 )	( 4,511 )
Investment income	27,571	23,814
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	( 23,376 )	( 12,337 )
Cash flows from investing activities:		
Transfers to investment accounts	( 625 )	( 625 )
Transfers from investment accounts	22,428	18,796
Transfers to the Community Foundation	--	( 143 )
Payments for equipment	( 3,641 )	( 3,049 )
	<u>                    </u>	<u>                    </u>
Net cash provided by investing activities	18,162	14,979
Net increase (decrease) in cash	( 5,214 )	2,642
Cash balance, beginning of year	<u>43,491</u>	<u>40,849</u>
Cash balance, end of year	<u>\$ 38,277</u>	<u>\$ 43,491</u>
Significant non-cash items - in-kind contributions:		
In-kind donations of materials, supplies, and services	\$ 27,582	\$ 9,824

**RECONCILIATIONS OF CHANGES IN NET ASSETS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

For the Years Ended December 31,

	<u>2011</u> (Reviewed)	<u>2010</u> (Audited)
Change in net assets	\$ ( 32,441 )	\$ 51,230
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,415	287
(Gain) loss on investments	12,297	( 54,942 )
(Gain) loss on funds held by the Community Foundation	34	( 396 )
(Increase) decrease in operating assets:		
Unconditional promises to give	( 2,250 )	( 1,696 )
Grants receivable	( 4,500 )	( 2,375 )
Prepaid expenses	( 132 )	( 61 )
Increase (decrease) in operating liabilities:		
Accounts payable	1,510	( 1,197 )
Accrued payroll taxes	691	( 3,187 )
Net cash used in operating activities	<u>\$ ( 23,376 )</u>	<u>\$ ( 12,337 )</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

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

**NOTES TO FINANCIAL STATEMENTS**

**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**

The Organization's financial statements are presented in accordance with the requirements of the Non-Profit Entities Topic of the FASB Accounting Standards Codification. Under this Topic, 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.

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, 2011 or 2010.

**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.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The Organization generally limits its exposure to credit risk from balances on deposits in financial institutions in excess of the FDIC-insured limit. During the years ended December 31, 2011 and 2010, the Organization did not exceed the FDIC-insured limit.

**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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

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

**Available for Sale Securities**

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

**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, securities, 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. Other than donations of securities or fixed assets, 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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

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

**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.

**Note 2. Available for Sale Securities:**

Available for sale securities 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.

Available for sale securities consist of the following at December 31,

	2011		
	Cost	Fair Value	Excess (Deficiency) of Fair Value Over Cost
Cash investment fund	\$ 14,096	\$ 14,096	\$ --
Common trust funds	130,793	124,653	( 6,140)
U.S. Treasury notes	75,311	86,502	11,191
Corporate bonds	209,287	219,029	9,742
Mutual funds	322,554	329,965	7,411
	\$ 752,041	\$ 774,245	22,204
Excess of fair value over cost at beginning of year			37,334
Unrealized losses			( 15,130)
Net realized gains for the year			2,833
Net investment loss for the year			\$( 12,297)

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Available for Sale Securities - Continued:**

	2010		Excess (Deficiency) of Fair Value Over Cost
	Cost	Fair Value	
Cash investment fund	\$ 9,346	\$ 9,346	\$ --
Common trust funds	232,611	217,644	( 14,967)
U.S. Treasury notes	72,753	78,697	5,944
Corporate bonds	232,253	241,692	9,439
Mutual funds	224,048	260,966	36,918
	\$ 771,011	\$ 808,345	37,334
Deficiency of fair value under cost at beginning of year			( 4,646)
Unrealized gains			41,980
Net realized gains for the year			12,962
Net investment gain for the year			\$ 54,942

Investment income is reported net of fees of \$5,069 and \$4,511 for the years ended December 31, 2011 and 2010, respectively.

**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:

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 the fund are as follows for the years ended December 31,

	2011	2010
	\$ 3,051	\$ 3,085

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**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,

	2011	2010
Helping Hand Program	\$ 3,243	\$ 1,987
Single Parent Take a Break Program	621	881
Other contributions / grants	9,500	5,000
Promises to give - time restricted	4,850	2,600
Total	\$ 18,214	\$ 10,468

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

	2011	2010
Helping Hand Program	\$ 2,780	\$ 2,799
Single Parent Take a Break Program	260	339
M.Y.S.T.E.P.S. Program	6,707	3,191
Lunch mentoring program	10,391	16,362
After-school mentoring	28,866	22,862
Community-based mentoring	9,334	21,667
Community-based mentoring - Guy Stuff Program	3,000	1,800
Camp Onaway supplies	-	2,000
Other restrictions	703	404
Grants and contributions - time restrictions	4,050	2,625
Total	\$ 66,091	\$ 74,049

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.

The M.Y.S.T.E.P.S (Mentors and Youth Striving Toward Educational Progression Successfully) Program is designed to ensure that youth that graduate from the program become self-sufficient adults, focusing on higher education as a means to that end.



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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 5. Tax Exempt Status:**

The Organization, a voluntary health and welfare organization, is a not-for-profit, voluntary health agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation, and donations made to the Organization qualify for the charitable deduction. The Organization is also exempt from Wisconsin income taxes.

The Organization adopted the provisions of the Income Taxes Topic of the FASB Accounting Standards Codification. As a result, the Organization evaluates its tax positions based on whether or not the position is more likely than not to be sustained upon examination by taxing authorities. The Organization continually evaluates its tax positions, changes in tax law and new authoritative rulings for potential implications on its tax status. The Organization's federal tax returns are subject to examination generally for three years after filed.

**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,

	<u>2011</u>	<u>2010</u>
United Way	45%	46%

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

**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 \$3,081 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, 2015.

**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 term of this lease is for a period of three lease years beginning on January 1, 2011, and terminates at midnight on December 31, 2013. The lease automatically renews for three successive 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 \$2,422.74 per month and are subject to annual increases, which shall be determined by a majority vote of the landlord's Board of Directors.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 8. Lease - Continued:**

Rent expense was \$29,073 and \$25,638 for the years ended December 31, 2011 and 2010, respectively.

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

2012		\$	29,073
2013			29,073
			29,073
Total		\$	58,146

**Note 9. SEP (Simplified Employee Pension)/401(k)/ Roth 401(k) plans:**

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, 2011 and 2010, were \$7,853 and \$6,952, respectively.

Employees are allowed to make additional personal contributions to a 401(k) retirement plan on a pre-tax basis. This replaces the Organization's 403(b) plan that was in place in previous years. The Organization also offers a Roth 401(k) retirement plan on an after-tax basis for employees to make additional contributions. Employees are immediately vested at 100% in these plans.

**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,

	2011			Total
	Program Expenses	Management and General Expenses	Fund-Raising Expenses	
Program supplies / activity fees	\$ 4,608	\$ --	\$ --	\$ 4,608
Direct cost of fund-raising events	--	--	9,861	9,861
Marketing	--	11,355	--	11,355
Repairs and maintenance	352	42	20	414
Professional fees	--	1,344	--	1,344
Totals	\$ 4,960	\$ 12,741	\$ 9,881	\$ 27,582

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

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

	2010			
Program Expenses	Management and General Expenses	Fund-Raising Expenses	Total	
Program supplies / activity fees	\$ 2,734	\$ --	\$ --	\$ 2,734
Direct cost of fund-raising events	--	--	7,090	7,090
Totals	\$ 2,734	\$ --	\$ 7,090	\$ 9,824

**Note 11. Endowment Net Assets:**

As required by GAAP (generally accepted accounting principles), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization does not have any endowment funds subject to donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the Wisconsin Uniform Prudent Management of Institutional Fund Act (WUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As noted in the previous paragraph, the Organization does not have any endowment funds subject to donor - restricted funds or a formal policy to address these funds. The Organization is discussing adopting a policy and plans to adopt one in the near future.

**Return Objectives and Risk Parameters**

The endowment funds are invested in a manner that is intended to preserve the real value of the capital while providing an income stream from it. The objective is to provide results similar to a benchmark consisting of 50% S & P 500, 40% Merrill Lynch 1-10 Year Gov't / Corp Index, and 10% Lipper Money Market index while assuming a moderate level of risk.

**Spending Policy**

The Organization has a policy of appropriating for distribution no more than 5% of its endowment fund each year based on a five-year average balance.

In establishing this policy, the Organization considered the long-term expected returns on endowment investments. Accordingly, over the long term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

**Strategies Employed for Achieving Objectives**

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term objectives within prudent constraints.

**BEST FRIENDS OF NEENAH-MENASHA, INC.  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 11. Endowment Net Assets - Continued:**

The Organization had the following endowment-related activities for its Board-Designated Endowment Funds as of December 31:

	<u>2011</u>	<u>2010</u>
Endowment assets, beginning of year	\$ 811,430	\$ 774,120
Investment return		
Investment income	22,438	36,894
Net appreciation (depreciation)	<u>( 12,297)</u>	<u>42,160</u>
Total investment return	10,141	79,054
Contributions to endowment funds	625	768
Appropriation of endowment assets for expenditure	<u>( 44,900)</u>	<u>( 42,512)</u>
Endowment assets, end of year	<u>\$ 777,296</u>	<u>\$ 811,430</u>

**Note 12. Fair Value Measurements:**

As defined in the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.

Level 2 - Fair value measurement is based on 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; or 3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data.

Level 3 - Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the organization's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

The fair value of the available for sale securities is based on published unit values reported to the Organization by Associated Wealth Management.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 12. Fair Value Measurements - Continued:**

The fair value of funds held at Community Foundation for the Fox Valley Region, Inc. is based on information provided by the Community Foundation, and they have not historically adjusted this information.

Classifications of these funds as of December 31, 2011 and 2010, are as follows:

	2011			
	Level 1	Level 2	Level 3	Total
Available for sale securities:				
Cash and equivalents	\$ 14,096	\$ --	\$ --	\$ 14,096
Common Trust Funds	--	124,653	--	124,653
U.S. Treasury notes	86,502	--	--	86,502
Corporate bonds	219,029	--	--	219,029
Mutual funds	329,965	--	--	329,965
Beneficial interest in assets held by the Community Foundation	--	3,051	--	3,051
Totals	<u>\$ 649,592</u>	<u>\$ 127,704</u>	<u>\$ --</u>	<u>\$ 777,296</u>

	2010			
	Level 1	Level 2	Level 3	Total
Available for sale securities:				
Cash and equivalents	\$ 9,346	\$ --	\$ --	\$ 9,346
Common Trust Funds	--	217,644	--	217,644
U.S. Treasury notes	78,697	--	--	78,697
Corporate bonds	241,692	--	--	241,692
Mutual funds	260,966	--	--	260,966
Beneficial interest in assets held by the Community Foundation	--	3,085	--	3,085
Totals	<u>\$ 590,701</u>	<u>\$ 220,729</u>	<u>\$ --</u>	<u>\$ 811,430</u>

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 13. Other Endowment Fund:**

In 2011, the Organization became the beneficiary of an endowment fund administered by and subject to the distribution policy of the Community Foundation for the Fox Valley Region, Inc. This fund does not meet the requirements to be recorded as a beneficial interest in assets held by the Community Foundation and, accordingly, is not included in these financial statements. The fair value of this fund, as determined by the Community Foundation for the Fox Valley Region, Inc. at December 31, 2011 and 2010 was \$24,944.85 and \$0, respectively. The Organization did not receive any distributions from this endowment in 2011 or 2010.

**Note 14. Subsequent Events:**

The Organization has evaluated all subsequent events through April 23, 2012, the date on which the financial statements were available to be issued.