



# **Big Brothers Big Sisters Hawaii, Inc.**

Financial Statements  
(With Independent Auditors' Report Thereon)

December 31, 2016 and 2015

**BIG BROTHERS BIG SISTERS HAWAII, INC.**

Financial Statements

December 31, 2016 and 2015

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## **Independent Auditors' Report**

The Board of Directors  
Big Brothers Big Sisters Hawaii, Inc.:

We have audited the accompanying financial statements of Big Brothers Big Sisters Hawaii, Inc. (the Agency), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audit 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.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters Hawaii, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*KKDL Y LLC*

Honolulu, Hawaii  
June 27, 2017

# BIG BROTHERS BIG SISTERS HAWAII, INC.

## Statements of Financial Position

December 31, 2016 and 2015

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 940,774	\$ 961,161
Grants and accounts receivable (note 3)	251,990	199,197
Prepaid expenses	37,662	31,002
Certificate of deposit (note 5)	300,000	300,000
Equipment, at cost less accumulated depreciation of \$233,552 and \$226,441	39,341	3,110
Present value of leasehold interest, less accumulated amortization of \$98,380 and \$76,518 (note 9)	801,620	823,482
Total assets	<u>\$ 2,371,387</u>	<u>\$ 2,317,952</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 11,251	\$ 7,287
Accrued expenses	94,676	93,467
Deferred income (note 4)	157,473	211,698
Total liabilities	<u>263,400</u>	<u>312,452</u>
Net assets:		
Unrestricted:		
Operating	973,052	848,623
Board designated (note 5)	11,736	11,733
Total unrestricted net assets	<u>984,788</u>	<u>860,356</u>
Temporarily restricted (note 5)	823,199	845,144
Permanently restricted (notes 5 and 6)	300,000	300,000
Total net assets	<u>2,107,987</u>	<u>2,005,500</u>
Total liabilities and net assets	<u>\$ 2,371,387</u>	<u>\$ 2,317,952</u>

See accompanying notes to the financial statements.

**BIG BROTHERS BIG SISTERS HAWAII, INC.**

Statements of Activities

Years Ended December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other public support:								
Contributions	\$ 380,295	\$ 883,427	\$ -	\$ 1,263,722	\$ 227,106	\$ 811,176	\$ -	\$ 1,038,282
Special events	441,867	-	-	441,867	364,375	-	-	364,375
Less direct benefit costs	(143,519)	-	-	(143,519)	(114,616)	-	-	(114,616)
Contributions from affiliate organization (note 10)	136,613	-	-	136,613	173,963	-	-	173,963
United Way contribution	136,947	-	-	136,947	135,292	-	-	135,292
Investment income	343	2	-	345	348	6,000	-	6,348
Rental income (loss), net of expenses of \$0 and \$1,571	60	-	-	60	90	-	-	90
Other income	2,100	-	-	2,100	160	-	-	160
Net assets released from restrictions (note 5)	905,374	(905,374)	-	-	835,869	(835,869)	-	-
Total revenue, gains, and other public support	1,860,080	(21,945)	-	1,838,135	1,622,587	(18,693)	-	1,603,894
Expenses (notes 7, 9, and 10):								
Program	1,149,658	-	-	1,149,658	1,100,877	-	-	1,100,877
Fund-raising	320,018	-	-	320,018	215,277	-	-	215,277
Management and general administration	265,972	-	-	265,972	282,721	-	-	282,721
Total expenses	1,735,648	-	-	1,735,648	1,598,875	-	-	1,598,875
Change in net assets	124,432	(21,945)	-	102,487	23,712	(18,693)	-	5,019
Net assets, beginning of year	860,356	845,144	300,000	2,005,500	836,644	863,837	300,000	2,000,481
Net assets, end of year	\$ 984,788	\$ 823,199	\$ 300,000	\$ 2,107,987	\$ 860,356	\$ 845,144	\$ 300,000	\$ 2,005,500

See accompanying notes to the financial statements.

**BIG BROTHERS BIG SISTERS HAWAII, INC.**

Statements of Functional Expenses

Years Ended December 31, 2016 and 2015

	2016				2015			
	Program Expenses	Fund-Raising	Management and General Administration	Total	Program Expenses	Fund-Raising	Management and General Administration	Total
Personnel costs (Note 10)	\$ 675,397	\$ 201,865	\$ 155,297	\$ 1,032,559	\$ 694,273	\$ 130,895	\$ 158,377	\$ 983,545
Payroll insurance	85,346	25,509	19,624	130,479	79,630	17,286	20,915	117,831
Payroll taxes	59,176	17,687	13,607	90,470	64,550	12,261	14,835	91,646
Training	6,986	2,088	1,606	10,680	2,392	519	628	3,539
Pension expenses (note 7)	5,482	1,638	1,260	8,380	5,335	1,158	1,401	7,894
	<u>832,387</u>	<u>248,787</u>	<u>191,394</u>	<u>1,272,568</u>	<u>846,180</u>	<u>162,119</u>	<u>196,156</u>	<u>1,204,455</u>
Occupancy (note 9)	74,447	22,251	17,118	113,816	77,724	16,872	20,414	115,010
Professional fees	41,756	12,480	9,601	63,837	35,234	7,648	9,254	52,136
Match activities expense	42,809	-	-	42,809	19,224	-	-	19,224
Travel	15,156	4,663	19,041	38,860	12,092	3,720	15,192	31,004
Utilities (note 10)	16,060	4,800	3,693	24,553	18,207	3,952	4,782	26,941
Advertising	15,163	4,532	3,486	23,181	8,436	1,777	2,150	12,363
General insurance	12,871	3,847	2,960	19,678	12,718	2,761	3,341	18,820
Auto expenses	11,728	1,906	1,026	14,660	9,306	4,498	1,706	15,510
Repairs and maintenance	9,459	2,827	2,175	14,461	8,789	1,908	2,308	13,005
Dues to national organization	11,144	-	3,143	14,287	5,176	-	8,096	13,272
Program expense - volunteers	13,447	-	-	13,447	10,947	-	-	10,947
Supplies	6,472	1,934	1,488	9,894	3,828	831	1,005	5,664
Dues and subscriptions	5,361	335	2,680	8,376	200	77	7,639	7,916
Postage and shipping	5,063	1,513	1,164	7,740	2,689	584	706	3,979
Printing and publications	5,176	1,218	1,218	7,612	2,169	901	1,024	4,094
Depreciation	4,652	1,390	1,069	7,111	1,236	268	324	1,828
Rental equipment (note 9)	4,476	1,338	1,029	6,843	4,737	1,028	1,244	7,009
Maui building expense	3,736	-	2,491	6,227	5,526	-	3,684	9,210
Fund development	-	5,080	-	5,080	-	5,371	-	5,371
Miscellaneous	18,295	1,117	1,196	20,608	16,459	962	3,696	21,117
	<u>\$ 1,149,658</u>	<u>\$ 320,018</u>	<u>\$ 265,972</u>	<u>\$ 1,735,648</u>	<u>\$ 1,100,877</u>	<u>\$ 215,277</u>	<u>\$ 282,721</u>	<u>\$ 1,598,875</u>

See accompanying notes to the financial statements.

**BIG BROTHERS BIG SISTERS HAWAII, INC.**

## Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from contributions	\$ 1,485,026	\$ 1,415,878
Cash received from special events	441,867	364,375
Interest and dividends received	6,343	8,658
Cash paid for rental activities	(6,167)	(9,120)
Cash paid for personnel costs and vendors	(1,904,114)	(1,689,002)
Net cash provided by operating activities	22,955	90,789
Cash flows used in investing activities:		
Purchase of equipment	(43,342)	(1,361)
Change in cash and cash equivalents	(20,387)	89,428
Cash and cash equivalents, beginning of year	961,161	871,733
Cash and cash equivalents, end of year	<u>\$ 940,774</u>	<u>\$ 961,161</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 102,487	\$ 5,019
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	7,111	1,828
Amortization of leasehold interest in property	21,862	21,863
Change in operating assets and liabilities:		
Grants and accounts receivable	(52,793)	70,490
Prepaid expenses	(6,660)	2,379
Accounts payable	3,964	2,800
Accrued expenses	1,209	17,957
Deferred income	(54,225)	(31,547)
Net cash provided by operating activities	<u>\$ 22,955</u>	<u>\$ 90,789</u>

See accompanying notes to the financial statements.



# **BIG BROTHERS BIG SISTERS HAWAII, INC.**

Notes to Financial Statements

December 31, 2016 and 2015

## **(1) Organization**

Big Brothers Big Sisters of Hawaii, Inc. (the Agency) is a mentoring organization which primarily serves single parent children by having a positive impact on their lives through responsible volunteer role models. The United Way and the Big Brothers Big Sisters Hawaii Foundation, Inc. (the Foundation), provide the Agency with a portion of its revenues through annual allocations. Donations, receipts from fund-raising projects (special events), interest, and dividends are other sources of funds.

As a non-profit organization qualifying under Internal Revenue Code Section 501(c)(3), the Agency is exempt from Federal and State income taxes.

## **(2) Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The financial statements of the Agency have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### ***Cash and Cash Equivalents***

All highly liquid instruments purchased with a maturity date of three months or less are considered to be cash equivalents. Certificate of deposits with maturities greater than three months are considered to be cash equivalents if the penalties associated with the early withdrawal are not significant.

### ***Investment Policy***

The Agency has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds and board-designated funds that the Agency must hold in perpetuity or for a donor-specified period(s).

Under this policy, as approved by the Board of Directors, the following shall be considered in managing and investing an endowment asset:

- 1) The charitable purposes of the Agency and the endowment asset;
- 2) The general economic conditions;
- 3) The possible effect of inflation or deflation;
- 4) The expected tax consequences, if any, of investment decisions and strategies;
- 5) The role that each investment or course of action plays within the overall investment portfolio of the fund;

## **BIG BROTHERS BIG SISTERS HAWAII, INC.**

### Notes to Financial Statements

December 31, 2016 and 2015

- 6) The expected total return from income and the appreciation of investments;
- 7) Other resources of the Agency;
- 8) The needs of the Agency and the fund to make distributions and preserve capital; and
- 9) An asset's special relationship or special value to the charitable purposes of the Agency.

In addition, if the donor stipulates how endowment assets are to be invested, the Agency will follow the donor's investment policy.

#### ***Spending Policy***

The Agency has a policy of appropriating for expenditures which the Agency determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making a determination to appropriate, the Agency shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, the following factors:

- 1) The duration and preservation of the endowment fund assets;
- 2) The purposes of the Agency and the endowment fund assets;
- 3) General economic conditions;
- 4) The possible effect on inflation or deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Agency; and
- 7) The investment policy of the Agency.

In addition, if the donor stipulates how endowment assets are to be spent, the Agency will follow the donor's spending policy.

#### ***Equipment and Depreciation***

Equipment acquisitions are recorded at cost and, if donated, at the fair market value at the date of donation. The Agency follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line and accelerated methods.

#### ***Deferred Income***

Deferred income consisted of cash and grants received that are anticipated to be earned in future years.

# **BIG BROTHERS BIG SISTERS HAWAII, INC.**

Notes to Financial Statements

December 31, 2016 and 2015

## ***Recognition of Grant Revenue***

Grants are received from state and local governments, and from private foundations. Revenues on cost reimbursement contracts are recognized when allowable and reimbursable expenses are incurred, and upon meeting the legal and contractual requirements of the funding source. Revenues on fee for service contracts are recognized when the services required by the contractual agreements are satisfactorily performed. These revenues are generally exchange transactions, and are thereby recorded as revenues of the unrestricted net asset class.

## ***Advertising***

Advertising costs are expensed as incurred.

## ***Functional Allocation of Expenses***

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

## ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains, and other support, and expenses during the reporting period. Actual results could differ from those estimates.

## ***Donated Materials and Services***

Donated materials and services are recorded as support at their estimated fair market values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

A substantial number of volunteers have donated significant amounts of their time to the Agency's program services and its fund-raising campaigns; however these services have not been reflected in the financial statements since the services did not create or enhance non-financial assets or did not require specialized skills that would typically need to be purchased if not provided by donation.

# **BIG BROTHERS BIG SISTERS HAWAII, INC.**

Notes to Financial Statements

December 31, 2016 and 2015

## ***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 statements of activities as net assets released from restrictions.

## ***Reclassification***

Certain amounts in the 2015 financial statements have been reclassified to conform to the current year's presentation. Such reclassification had no effect on the previously reported change in net assets.

## ***Subsequent Events***

Management has evaluated subsequent events through June 27, 2017, the date the financial statements were available to be issued and determined that there were no other items to disclose.

## ***Income Taxes***

The Agency is a not-for-profit organization that is exempt from federal income taxes under Section 501(a) as described under 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Agency currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Agency implemented the provisions of FASB Accounting Standards Codification (ASC) 740-10-25, *Accounting for Uncertainty in Income Taxes*, which requires the Agency to recognize the financial statement benefit associated with a tax position only after determining that the relevant tax authority would more likely than not sustain the tax position after an audit. The Agency does not believe that there are any material uncertain tax positions. With few exceptions, the Agency is no longer subject to examinations by tax authorities for the years ended December 31, 2012 and prior.

### **(3) Grants and Accounts Receivable**

Grants receivable at December 31, 2016 and 2015 are stated at amounts the Agency expects to collect. All grants receivable at December 31, 2016 and 2015 were deemed fully collectible.

Unconditional promises to give were both restricted and unrestricted. Accounts receivable includes pledges that are expected to be received within one year. All pledges receivable at December 31, 2016 and 2015 were deemed fully collectible.

# BIG BROTHERS BIG SISTERS HAWAII, INC.

## Notes to Financial Statements

December 31, 2016 and 2015

### (4) Deferred Income

Deferred income consisted of unearned grant income, which amounted to \$157,473 and \$211,698 as of December 31, 2016 and 2015, respectively.

### (5) Net Assets

#### *Unrestricted - Board Designated*

Board designated unrestricted net assets consisted of a scholarship fund in honor of Mr. Art Rutledge totaling \$11,736 and \$11,733 as of December 31, 2016 and 2015.

#### *Temporarily Restricted*

Temporarily restricted net assets consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
The Honolulu Rotary Scholarship Fund was established to assist children in furthering their educational pursuits. Recipients of scholarships from the Fund are limited to children currently or formerly involved in the Big Brothers Big Sisters program.	\$ 12,671	\$ 12,670
The Kualoa Ranch Scholarship Fund was established to assist children in furthering their educational pursuits. Recipients of scholarships from the Fund are limited to children currently or formerly involved in the Big Brothers Big Sisters program.	8,908	8,992
Present value of leasehold interest in real property with the County of Maui. The lease expires on September 1, 2053 (see note 9).	<u>801,620</u>	<u>823,482</u>
	<u>\$ 823,199</u>	<u>\$ 845,144</u>

# BIG BROTHERS BIG SISTERS HAWAII, INC.

## Notes to Financial Statements

December 31, 2016 and 2015

Net assets released from restrictions consisted of the following for the year ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Site-based program	\$ 879,887	\$ 808,007
Leasehold interest in Maui property	21,862	21,863
Weinberg interest	-	5,999
Kualoa Ranch scholarship	<u>3,625</u>	<u>-</u>
	<u>\$ 905,374</u>	<u>\$ 835,869</u>

### *Permanently Restricted*

As of December 31, 2016 and 2015, permanently restricted net assets consisted of a \$300,000 endowment fund received in 1995 from The Harry and Jeanette Weinberg Endowment Fund.

The \$300,000 is held in a certificate of deposit, which is restricted in perpetuity, however, income generated by this asset can be used to support the basic core program of the Agency. The endowment fund must be deposited in a federally insured bank or financial institution in the State of Hawaii. See Note 2.

### **(6) Endowment Fund**

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets, identified by the Agency's Board of Directors to be used for future investment and growth, are included in unrestricted net assets - board designated.

The Agency has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 a result of this interpretation, the Agency classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA.

**BIG BROTHERS BIG SISTERS HAWAII, INC.**

Notes to Financial Statements

December 31, 2016 and 2015

Changes in endowment net assets for the year ended December 31, 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 300,000	\$ 300,000
Investment income	-	-	-	-
Transfers	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

Changes in endowment net assets for the year ended December 31, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 300,000	\$ 300,000
Investment income	-	5,999	-	5,999
Transfers	5,999	(5,999)	-	-
Appropriation of endowment assets for expenditure	(5,999)	-	-	(5,999)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

**(7) Pension Plan**

The Agency has a 401(k) Plan. An employee is eligible to participate in the plan after completing one year of continuous service in which the employee worked at least 1,000 hours.

## BIG BROTHERS BIG SISTERS HAWAII, INC.

### Notes to Financial Statements

December 31, 2016 and 2015

Employees may authorize the Agency to withhold from 1% up to 25% of their compensation, plus up to 100% of any paid cash bonus, with the employer matching 25% of the first 6% of voluntary employee contributions. Plan contributions were \$8,380 and \$7,894 for the years ended December 31, 2016 and 2015, respectively.

#### (8) Concentration of Credit Risk for Cash Deposits

Financial instruments which potentially subject the Agency to concentrations of credit risk consisted principally of cash deposits. At times during the year and as of December 31, 2016, these deposits were in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

#### (9) Commitments

##### *Leases*

The Agency leases its equipment and office space under operating leases.

The Agency entered into a five-year lease agreement for office space effective January 1, 2013. The Agency pays for its share of common area charges, which include general excise tax and real property tax.

Future minimum rental payments for the years subsequent to December 31, 2016 are as follows:

	<u>Office</u>		
	<u>Lease</u>	<u>Equipment</u>	<u>Total</u>
2017	\$ 66,804	\$ 6,840	\$ 73,644
2018	-	6,656	6,656
2019	-	4,630	4,630
	<u>\$ 66,804</u>	<u>\$ 18,126</u>	<u>\$ 84,930</u>

The Agency has an office lease as part of its purchase of Big Brothers Big Sisters Maui, Inc. The lease expires September 1, 2053 and contains certain terms including de minimis rent during the term of the lease, use restrictions on the building, and reversion of the building to the lessor at termination of the lease. The present value of the leasehold interest was determined to be \$900,000 upon assumption and is being amortized as rent expense on a straight-line basis and being annually released from restrictions over the remaining term of the lease.



## BIG BROTHERS BIG SISTERS HAWAII, INC.

### Notes to Financial Statements

December 31, 2016 and 2015

Future annual amortization of the leasehold interest for the years subsequent to December 31, 2016 are as follows:

2017	\$ 21,862
2018	21,862
2019	21,862
2020	21,862
2021	21,862
Thereafter	<u>692,310</u>
	<u>\$ 801,620</u>

Rental expense for all operating leases for the years ended December 31, 2016 and 2015 were \$90,636 and \$91,547, respectively.

#### (10) Reporting of Related Entity

A non-profit organization, Big Brothers Big Sisters Hawaii Foundation, Inc. (the Foundation), was formed to provide financial support for the charitable activities of the Agency by soliciting donations of salvageable clothing from the general public. The two entities operate independently, therefore management has elected not to present consolidated results of operations.

Summarized financial data for the Foundation follows:

As of December 31:	<u>2016</u>	<u>2015</u>
Total assets	\$ 262,231	\$ 237,850
Total liabilities	<u>90,907</u>	<u>95,718</u>
Total net assets	<u>\$ 171,324</u>	<u>\$ 142,132</u>
For the years ended December 31:		
Revenues	\$ 1,517,861	\$ 1,492,126
Expenses	(1,352,056)	(1,319,597)
Contributions to the Agency	<u>(136,613)</u>	<u>(173,963)</u>
Change in net assets	<u>\$ 29,192</u>	<u>\$ (1,434)</u>

During the years ended December 31, 2016 and 2015, the Agency received transfers from the Foundation of \$136,613 and \$173,963 respectively. During 2016 and 2015, the Agency received management fees of \$65,496 and \$63,163, and utilities reimbursement of \$13,005 and \$10,762 from the Foundation.