

Bo's Place

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2016 and 2015

Bo's Place

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Independent Auditors' Report

To the Board of Directors of
Bo's Place:

We have audited the accompanying financial statements of Bo's Place, which comprise the statements of financial position as of June 30, 2016 and 2015 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the 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 our audits 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 Bo's Place as of June 30, 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.

Blazek & Vetterling

September 27, 2016

Bo's Place

Statements of Financial Position as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 131,768	\$ 161,646
Pledges receivable	96,261	2,692
Prepaid expenses	58,028	50,633
Investments (<i>Notes 2 and 3</i>)	2,648,144	2,774,495
Property and equipment, net (<i>Note 4</i>)	<u>2,546,908</u>	<u>2,600,890</u>
TOTAL ASSETS	<u>\$ 5,481,109</u>	<u>\$ 5,590,356</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 70,255	\$ 86,062
Deferred special event revenue	<u>13,120</u>	<u>15,620</u>
Total liabilities	<u>83,375</u>	<u>101,682</u>
Net assets:		
Unrestricted	4,890,423	5,015,614
Temporarily restricted (<i>Note 6</i>)	<u>507,311</u>	<u>473,060</u>
Total net assets	<u>5,397,734</u>	<u>5,488,674</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,481,109</u>	<u>\$ 5,590,356</u>

See accompanying notes to financial statements.

Bo's Place

Statement of Activities for the year ended June 30, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
OPERATING REVENUE:			
Contributions (<i>Note 5</i>)	\$ 845,193	\$ 347,086	\$ 1,192,279
Special events	875,872	-	875,872
Cost of direct donor benefits of special events	(173,596)	-	(173,596)
Investment return (<i>Note 2</i>)	67,930	-	67,930
Other income	<u>10,890</u>	<u>-</u>	<u>10,890</u>
Total operating revenue	1,626,289	347,086	1,973,375
Net assets released from restrictions:			
Program expenditures	310,143	(310,143)	-
Expiration of time restrictions	<u>2,692</u>	<u>(2,692)</u>	<u>-</u>
Total	<u>1,939,124</u>	<u>34,251</u>	<u>1,973,375</u>
OPERATING EXPENSES:			
Program expenses	1,464,693	-	1,464,693
Management and general	186,148	-	186,148
Fundraising	<u>319,198</u>	<u>-</u>	<u>319,198</u>
Total operating expenses	<u>1,970,039</u>	<u>-</u>	<u>1,970,039</u>
Operating income	(30,915)	34,251	3,336
NON-OPERATING REVENUE, EXPENSES, GAINS AND LOSSES:			
Net unrealized loss (<i>Note 2</i>)	<u>(94,276)</u>	<u>-</u>	<u>(94,276)</u>
CHANGES IN NET ASSETS	(125,191)	34,251	(90,940)
Net assets, beginning of year	<u>5,015,614</u>	<u>473,060</u>	<u>5,488,674</u>
Net assets, end of year	<u>\$ 4,890,423</u>	<u>\$ 507,311</u>	<u>\$ 5,397,734</u>

See accompanying notes to financial statements.

Bo's Place

Statement of Activities for year ended June 30, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
OPERATING REVENUE:			
Contributions (Note 5)	\$ 691,298	\$ 343,077	\$ 1,034,375
Special events	991,223	-	991,223
Cost of direct donor benefits of special events	(170,523)	-	(170,523)
Investment return (Note 2)	72,080	-	72,080
Other income	<u>9,905</u>	<u>-</u>	<u>9,905</u>
Total operating revenue	1,593,983	343,077	1,937,060
Net assets released from restrictions:			
Program expenditures	314,468	(314,468)	-
Expiration of time restrictions	<u>11,466</u>	<u>(11,466)</u>	<u>-</u>
Total	<u>1,919,917</u>	<u>17,143</u>	<u>1,937,060</u>
OPERATING EXPENSES:			
Program expenses	1,250,576	-	1,250,576
Management and general	175,324	-	175,324
Fundraising	<u>326,731</u>	<u>-</u>	<u>326,731</u>
Total operating expenses	<u>1,752,631</u>	<u>-</u>	<u>1,752,631</u>
Operating income	167,286	17,143	184,429
NON-OPERATING REVENUE, EXPENSES, GAINS AND LOSSES:			
Net unrealized loss (Note 2)	<u>(45,981)</u>	<u>-</u>	<u>(45,981)</u>
CHANGES IN NET ASSETS	121,305	17,143	138,448
Net assets, beginning of year	<u>4,894,309</u>	<u>455,917</u>	<u>5,350,226</u>
Net assets, end of year	<u>\$ 5,015,614</u>	<u>\$ 473,060</u>	<u>\$ 5,488,674</u>

See accompanying notes to financial statements.

Bo's Place

Statements of Functional Expenses for the years ended June 30, 2016 and 2015

	PROGRAM EXPENSES	MANAGEMENT AND GENERAL	FUNDRAISING	2016 TOTAL
Salaries and related expenses	\$ 834,386	\$ 125,508	\$ 212,362	\$ 1,172,256
Supplies and office operations	219,808	15,171	68,735	303,714
Depreciation	105,396	4,996	4,051	114,443
Rent, repairs and utilities	84,456	4,004	3,246	91,706
Contract services	37,631	26,880	22,982	87,493
Donated professional services	78,281	1,250	3,650	83,181
Donated supplies	49,926	1,875	-	51,801
Insurance	33,289	1,578	1,280	36,147
Employee mileage reimbursement and meals	13,867	4,886	1,865	20,618
Professional development	<u>7,653</u>	<u>-</u>	<u>1,027</u>	<u>8,680</u>
Total expenses	<u>\$ 1,464,693</u>	<u>\$ 186,148</u>	<u>\$ 319,198</u>	1,970,039
Percent of total expenses	74%	10%	16%	
Cost of direct donor benefits of special events				173,596
Investment management fees				<u>17,282</u>
Total				<u>\$ 2,160,917</u>

	PROGRAM EXPENSES	MANAGEMENT AND GENERAL	FUNDRAISING	2015 TOTAL
Salaries and related expenses	\$ 658,650	\$ 105,002	\$ 190,913	\$ 954,565
Supplies and office operations	235,925	5,129	62,490	303,544
Depreciation	94,744	11,697	10,527	116,968
Rent, repairs and utilities	97,906	12,087	10,878	120,871
Contract services	26,059	34,453	31,113	91,625
Donated professional services	51,238	575	2,925	54,738
Donated supplies	36,092	250	425	36,767
Insurance	25,857	3,192	2,873	31,922
Employee mileage reimbursement and meals	10,346	2,345	13,394	26,085
Professional development	<u>13,759</u>	<u>594</u>	<u>1,193</u>	<u>15,546</u>
Total expenses	<u>\$ 1,250,576</u>	<u>\$ 175,324</u>	<u>\$ 326,731</u>	1,752,631
Percent of total expenses	71%	10%	19%	
Cost of direct donor benefits of special events				170,523
Investment management fees				<u>8,038</u>
Total				<u>\$ 1,931,192</u>

See accompanying notes to financial statements.

Bo's Place

Statements of Cash Flows for years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (90,940)	\$ 138,448
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	114,443	116,968
Net realized and unrealized loss on investments	101,035	73,065
Changes in operating assets and liabilities:		
Pledges receivable	(93,569)	58,774
Prepaid expenses	(7,395)	(1,427)
Accounts payable and accrued expenses	(15,807)	21,438
Deferred special event revenue	<u>(2,500)</u>	<u>(100,920)</u>
Net cash provided by operating activities	<u>5,267</u>	<u>306,346</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(942,232)	(4,467,933)
Sale of investments	987,001	4,102,818
Change in money market mutual funds	(19,453)	(35,114)
Purchase of property and equipment	<u>(60,461)</u>	<u>-</u>
Net cash used by investing activities	<u>(35,145)</u>	<u>(400,229)</u>
NET CHANGE IN CASH	(29,878)	(93,883)
Cash, beginning of year	<u>161,646</u>	<u>255,529</u>
Cash, end of year	<u>\$ 131,768</u>	<u>\$ 161,646</u>

See accompanying notes to financial statements.

Bo's Place

Notes to Financial Statements for the years ended June 30, 2016 and 2015

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Bo's Place, a Texas nonprofit corporation founded in 1990, is dedicated to enhancing the lives of those who have experienced the death of a loved one. Bo's Place is a free-of-charge bereavement center offering multiple grief support services for children, teens, and their families, as well as adults. Program services include providing grief support groups as well as grief and bereavement-related resources and referrals. Support groups are offered in English at the main campus on Buffalo Speedway, in West Houston/Katy, and in a select number of schools. Spanish-language support groups are offered at our main campus. Other special grief support programs such as Family Fun Night, Parents' Night Out, summer activity days for adults and children, as well as weekend bereavement camps/retreats are offered to participants in Bo's Place grief support groups. In addition, Bo's Place provides community education and training for professionals and volunteers working to support those in grief.

Federal income tax status – Bo's Place is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Pledges receivable due within one year are reported at net realizable value. Amounts due in more than one year are discounted, if material, to estimate the present value of future cash flows. At June 30, 2016, all pledges receivable are due within one year.

Investments are reported at fair value.

Property and equipment are reported at cost if purchased and at fair value at date of gift if donated. Bo's Place capitalizes expenditures in excess of \$5,000 for property and equipment. Depreciation is recorded on a straight-line basis over estimated useful lives of 3 to 40 years.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recognized as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Special event revenue is recognized when the event occurs. Amounts received in advance are reported as deferred revenue until earned.

Non cash contributions – Donated assets, materials, and use of facilities are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance non financial 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.

Measure of operations – Bo’s Place includes in its measure of operations all revenue and expenses that are an integral part of its programs and supporting activities and excludes permanently restricted contributions, contributions for capital additions, and unrealized gains and losses on investments.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU are the first phase of changes aimed at providing more useful information to users of not-for-profit financial statements. Under this ASU, net assets will be presented in two classes: *net assets with donor restrictions* and *net assets without donor restrictions* and underwater endowments will be grouped with *net assets with donor restrictions*. New or enhanced disclosures will be required about the nature and composition of net assets, and the liquidity and availability of resources for general operating expenditures within one year of the balance sheet date. Expenses will be required to be presented by both nature and function and investment return will be presented net of external and direct internal investment expenses. Absent explicit donor stipulations, restrictions on long-lived assets will expire when assets are placed in service. The ASU is effective for fiscal periods beginning after December 15, 2017 but early adoption is permitted. Implementation of this ASU will significantly impact the presentation and disclosures of the financial statements. Bo’s Place has not decided when it will implement the new ASU.

NOTE 2 – INVESTMENTS

Investments consist of the following:

	<u>2016</u>	<u>2015</u>
Bond mutual funds	\$ 1,312,442	\$ 1,453,990
Equity mutual funds	785,081	830,047
Exchange-traded funds	496,054	455,344
Money market mutual funds	<u>54,567</u>	<u>35,114</u>
Total investments	<u>\$ 2,648,144</u>	<u>\$ 2,774,495</u>

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return from investments and cash consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 91,971	\$ 107,202
Net realized loss on investments	(6,759)	(27,084)
Investment management fees	<u>(17,282)</u>	<u>(8,038)</u>
Operating investment return	67,930	72,080
Net unrealized loss on investments	<u>(94,276)</u>	<u>(45,981)</u>
Total investment return	<u>\$ (26,346)</u>	<u>\$ 26,099</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. 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 three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at June 30, 2016 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Bond mutual funds:				
Short-term	\$ 552,737	\$ -	\$ -	\$ 552,737
Intermediate	444,800	-	-	444,800
International	157,064	-	-	157,064
High-yield	106,346	-	-	106,346
Inflation protected	51,495	-	-	51,495
Equity mutual funds:				
Large cap blend	312,238	-	-	312,238
Large cap growth	247,869	-	-	247,869
Mid cap blend	224,974	-	-	224,974
Exchange-traded funds:				
Large blend	367,533	-	-	367,533
Small blend	128,521	-	-	128,521
Money market mutual funds	<u>54,567</u>	<u>-</u>	<u>-</u>	<u>54,567</u>
Total assets measured at fair value	<u>\$ 2,648,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,648,144</u>

Assets measured at fair value at June 30, 2015 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Bond mutual funds:				
Short-term	\$ 629,487	\$ -	\$ -	\$ 629,487
Intermediate	279,633	-	-	279,633
International	274,555	-	-	274,555
High-yield	179,185	-	-	179,185
Inflation protected	91,130	-	-	91,130
Equity mutual funds:				
Large cap blend	232,002	-	-	232,002
Large cap growth	320,436	-	-	320,436
Mid cap blend	277,609	-	-	277,609
Exchange-traded funds:				
Large blend	335,696	-	-	335,696
Small blend	119,648	-	-	119,648
Money market mutual funds	<u>35,114</u>	<u>-</u>	<u>-</u>	<u>35,114</u>
Total assets measured at fair value	<u>\$ 2,774,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,774,495</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the funds are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Bo's Place believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 475,892	\$ 475,892
Land improvements	80,945	80,945
Building	3,194,582	3,194,582
Furniture and equipment	<u>274,795</u>	<u>214,334</u>
Total property and equipment, at cost	4,026,214	3,965,753
Accumulated depreciation	<u>(1,479,306)</u>	<u>(1,364,863)</u>
Property and equipment, net	<u>\$ 2,546,908</u>	<u>\$ 2,600,890</u>

NOTE 5 – DONATED MATERIALS AND SERVICES

Bo's Place recognized professional services from mental health professionals and donated materials for program services during the years ended June 30, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Professional services	\$ 83,181	\$ 54,738
Office and program supplies	<u>51,801</u>	<u>36,767</u>
Total donated materials and services	<u>\$ 134,982</u>	<u>\$ 91,505</u>

In addition, many individuals volunteer their time to perform a variety of tasks that assist Bo's Place in providing grief support to bereaved families such as volunteer facilitators, kitchen volunteers, and assistance with other projects. Bo's Place received 16,243 volunteer hours with an estimated value of \$407,870 and 13,413 volunteer hours with an estimated value of \$330,755 during the years ended June 30, 2016 and 2015, respectively, which were not recognized in these financial statements because they do not meet the criteria for recognition. The estimated value of volunteer time per hour was obtained from Independent Sector, a leadership network for nonprofit organizations, foundations and corporate giving programs.

NOTE 6 – TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Maintenance fund	\$ 332,491	\$ 374,839
Camp	52,500	75,000
Spanish Outreach	50,000	-
Website	37,613	-
Time restricted	20,386	2,692
Twenty Fifth Anniversary	-	17,613
Other	<u>14,321</u>	<u>2,916</u>
Total temporarily restricted net assets	<u>\$ 507,311</u>	<u>\$ 473,060</u>

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2016, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.