

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.

Certified Public Accountants and Financial Consultants

1000 West College Avenue • P.O. Box 1116 • Appleton, Wisconsin 54912
(920) 733-4957 • FAX (920) 733-6221 • www.erickson-cpas.com

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> |
| TOTAL ASSETS | <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> |
| TOTAL LIABILITIES AND NET ASSETS | <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 |
| Total expenses | \$ 277,584 | \$ 37,302 | \$ 26,316 | \$ 341,202 |

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 |