

# BBB Wise Giving Alliance

## Financial Statements

For The Years Ended  
December 31, 2015 And 2014



**HERTZBACH**  
*certified public accountants · consultants*

# BBB Wise Giving Alliance

## Table Of Contents

For The Years Ended December 31, 2015 And 2014

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Independent Auditor's Report .....	1-2
Financial Statements	
Statements Of Financial Position .....	3
Statements Of Activities .....	4
Statements Of Cash Flows .....	5
Notes To Financial Statements .....	6-8
Supplementary Information	
Statements Of Functional Expenses .....	9

**Independent Auditor's Report**

**To The Board Of Directors**  
**BBB Wise Giving Alliance**  
3033 Wilson Boulevard, Suite 600  
Arlington, VA 22201

We have audited the accompanying financial statements of BBB Wise Giving Alliance (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 BBB Wise Giving Alliance as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of BBB Wise Giving Alliance as of December 31, 2014 were audited by other auditors, whose report dated April 1, 2015 expressed an unmodified opinion.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for the year ended December 31, 2015 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The supplementary information for the year ended December 31, 2014 was audited by other auditors, whose report dated April 1, 2015 expressed that the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Hertzbach & Company, P.A.***

Rockville, Maryland  
July 6, 2016

**FINANCIAL  
STATEMENTS**

**BBB Wise Giving Alliance**  
**Statements Of Financial Position**

December 31,	2015	2014
<b>Assets</b>		
Cash	\$ 1,730,740	\$ 1,661,613
Accounts Receivable, Net	141,823	133,893
Prepaid Expenses	11,375	29,596
Equipment And Software, Net	<u>194,561</u>	<u>252,508</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,078,499</u></b>	<b><u>\$ 2,077,610</u></b>
<b>Liabilities And Net Assets</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ 3,015
Due To Affiliate, Net	114,421	317,584
Deferred Revenue	<u>726,624</u>	<u>811,728</u>
<b>Total Liabilities</b>	<b><u>841,045</u></b>	<b><u>1,132,327</u></b>
<b>NET ASSETS</b>		
Unrestricted	<u>1,237,454</u>	<u>945,283</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,078,499</u></b>	<b><u>\$ 2,077,610</u></b>

**BBB Wise Giving Alliance  
Statement Of Activities**

<b>For The Years Ended December 31,</b>	<b>2015</b>	<b>2014</b>
<b>REVENUE AND SUPPORT</b>		
Charity Seal License Fees	\$ 1,964,519	\$ 1,743,588
Grants And Contributions	260,406	251,171
Donated Services	-	179,415
Publications	14,826	9,837
Other Revenue	5,094	3,430
Total Revenue And Support	<u>2,244,845</u>	<u>2,187,441</u>
<b>EXPENSES</b>		
Program Services:		
Charity Reporting Activities	1,628,769	1,422,388
Supporting Services:		
Management And General	269,497	203,042
Fundraising	54,408	58,612
Total Supporting Services	<u>323,905</u>	<u>261,654</u>
Total Expenses	<u>1,952,674</u>	<u>1,684,042</u>
CHANGE IN NET ASSETS	292,171	503,399
Net Assets, Beginning Of Year	<u>945,283</u>	<u>441,884</u>
Net Assets, End Of Year	<u>\$ 1,237,454</u>	<u>\$ 945,283</u>

## BBB Wise Giving Alliance Statements Of Cash Flows

For The Years Ended December 31,	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change In Net Assets	\$ 292,171	\$ 503,399
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities:		
Depreciation And Amortization	57,947	15,929
(Increase) Decrease In Operating Assets:		
Accounts Receivable	(7,930)	(80,960)
Prepaid Expenses	18,221	(29,596)
(Decrease) Increase In Operating Liabilities:		
Accounts Payable	(3,015)	521
Due To Affiliate	(203,163)	227,758
Deferred Revenue	(85,104)	257,521
	69,127	894,572
Net Cash Provided By Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases Of Property And Equipment	-	(259,411)
NET INCREASE IN CASH	69,127	635,161
Cash, Beginning Of Year	1,661,613	1,026,452
Cash, End Of Year	\$ 1,730,740	\$ 1,661,613
SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Contributed Software	\$ -	\$ 179,415



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# BBB Wise Giving Alliance

## Notes To Financial Statements

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For The Years Ended December 31, 2015 And 2014

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### 1. NATURE OF ORGANIZATION

BBB Wise Giving Alliance (BBB WGA) has operated under this name since 2001 when the former Council of Better Bureaus' Foundation (founded in 1975) changed its bylaws and articles of incorporation to reflect a company reorganization. The predecessor organizations to the BBB WGA existed under a number of different names and had been reporting on national charities since the 1920's.

The mission of the BBB WGA is to provide information to donors to assist them in making knowledgeable choices about their giving practices. The BBB WGA helps the donating public verify the trustworthiness of charities by completing rigorous evaluations in relation to the holistic BBB Standards for Charity Accountability (the BBB Charity Standards). There is no charge to charities to be the subject of a BBB Charity Report, which reports are available to the public for free on the BBB WGA website at Give.org.

Charities that meet all 20 BBB Charity Standards are identified as BBB Accredited Charities. BBB Accredited Charities have the option of licensing a BBB Charity Seal for a fee. The BBB Charity Seal can be displayed on the charity's website and fundraising material. Charity evaluations are updated every two years. Any BBB Charity Seal holder that fails to meet the BBB Charity Standards is terminated from the BBB Charity Seal program.

BBB WGA is affiliated with the Council of Better Business Bureaus, Inc. (the Council) and is presented in the Council's consolidated financial statements. The Council is a business membership organization tax exempt under section 501(c)(6) of the Internal Revenue Code. The Council's office in Arlington, Virginia serves as the organizing body for the Better Business Bureau system.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized when the obligation is incurred.

ACCOUNTS RECEIVABLE – Accounts receivable consists primarily of amounts owed from licensees for BBB Charity Seal revenue. Accounts receivable are presented at the net amount due. BBB WGA management periodically reviews the status of all accounts receivable balances for collectability. Receivables that are deemed to be uncollectable are typically reserved in the allowance for doubtful accounts. If subsequent collection efforts are unsuccessful, the receivable and corresponding allowance are written off. As of December 31, 2015 and 2014, the balance of allowance for doubtful accounts was \$60,000 and \$10,000, respectively.

COMPUTER SOFTWARE AND EQUIPMENT – Computer software and equipment are stated at cost. The cost of repairs and maintenance is charged to operations when incurred. Major renewals, betterments, and additions in excess of \$5,000 are capitalized. When assets are sold or otherwise disposed of, the cost of the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss is credited or charged to revenue. Depreciation is computed using the straight line method over three to five years.

DEFERRED REVENUE – Deferred revenue primarily consists of BBB WGA Charity Seal fees received at the beginning of the subscription period. Subscription revenue is recognized over the life of the subscription period.

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# BBB Wise Giving Alliance

## Notes To Financial Statements

### (Continued)

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For The Years Ended December 31, 2015 And 2014

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS – The BBB WGA complies with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, and 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.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period. BBB WGA does not have temporarily restricted or permanently restricted net assets as of December 31, 2015 and 2014.

FUNCTIONAL EXPENSES – The costs of providing various programs and supporting services are summarized on a functional basis in the statements of activities and in the supplemental schedules. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of time records and other support, or by estimates made by management.

ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATION – Certain amounts for the year ended December 31, 2014 have been reclassified to conform to the presentation for the year ended December 31, 2015, which had no effect on the change in net assets as reported in the prior year.

INCOME TAXES – BBB WGA is a nonprofit organization and is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the years ended December 31, 2015 and 2014, as BBB WGA had no significant net unrelated business income.

In accordance with FASB Accounting Standards Codification (ASC) 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes, BBB WGA recognizes the tax benefit from uncertain tax positions only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

## 3. CONCENTRATION OF CREDIT RISK

BBB WGA maintains its cash balances at a financial institution and at times these balances may exceed the federal insured limits. BBB WGA has not experienced any losses with respect to its bank balances in excess of government provided insurance and management believes there is no significant concentration of credit risk as a result of maintaining these accounts.

**BBB Wise Giving Alliance**  
**Notes To Financial Statements**  
**(Continued)**

**For The Years Ended December 31, 2015 And 2014**

**4. EQUIPMENT AND SOFTWARE**

Equipment and software at December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Equipment And Software	\$ 342,847	\$ 342,847
Accumulated Depreciation	<u>(148,286)</u>	<u>(90,339)</u>
Total Equipment And Software, Net	<u>\$ 194,561</u>	<u>\$ 252,508</u>

During the years ended December 31, 2015 and 2014, BBB WGA recorded depreciation and amortization expense related to equipment and software of \$57,947 and \$15,929, respectively.

**5. RELATED PARTY TRANSACTIONS**

The Council allocated to BBB WGA the following operating costs, as detailed below:

	<u>2015</u>	<u>2014</u>
Salaries And Benefits	\$ 998,362	\$ 928,515
Professional Services		
Accounting	64,815	69,018
Legal Services	46,542	65,859
Management Services	77,775	106,869
Information Technology	164,647	34,450
Office Space	42,999	55,640
Other Expenses	<u>43,511</u>	<u>65,144</u>
Total Costs Reimbursable to the Council	<u>\$ 1,438,651</u>	<u>\$ 1,325,495</u>

The Council contributed \$179,415 in website development services to BBB WGA during the year ended December 31, 2014. No amounts were contributed during the year ended December 31, 2015.

BBB WGA reimbursed the Council \$1,641,814 and \$1,515,000 during the years ended December 31, 2015 and 2014, respectively, and owed the Council \$114,421 and \$317,584 at December 31, 2015 and 2014, respectively.

**6. SUBSEQUENT EVENTS**

Management has evaluated subsequent events and transactions for potential recognition or disclosure through the independent auditor's report date, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.

**SUPPLEMENTARY  
INFORMATION**

**BBB Wise Giving Alliance**  
**Statements Of Functional Expenses**  
**For The Years Ended December 31, 2015 And 2014**

	For The Year Ended December 31, 2015				For The Year Ended December 31, 2014			
	Program Services		Supporting Services		Program Services		Supporting Services	
	Charity Reporting Activities	Management And General	Fundraising	Total	Charity Reporting Activities	Management And General	Fundraising	Total
Salaries And Benefits *	\$ 926,830	\$ 50,399	\$ 21,133	\$ 998,362	\$ 858,380	\$ 40,290	\$ 29,845	\$ 928,515
Professional Services	157,044	166,806	704	324,554	228,410	120,350	-	348,760
Information Technology	197,833	23,832	3,485	225,150	48,876	1,542	1,147	51,565
Depreciation	73,802	4,014	1,683	79,499	68,981	3,207	2,386	74,574
Wise Giving Guide	72,071	-	-	72,071	73,856	-	-	73,856
Office Expenses	39,285	5,332	1,459	46,076	21,488	21,871	2,330	45,689
Occupancy	39,919	2,171	910	43,000	51,467	2,393	1,780	55,640
Bad Debt	50,000	-	-	50,000	-	-	-	-
Advertising And Promotion	27,069	858	-	27,927	41,587	-	-	41,587
Conferences And Events	24,366	829	-	25,195	10,939	988	-	11,927
Direct Mail	-	-	25,034	25,034	-	-	21,124	21,124
Travel	17,300	5,445	-	22,745	13,828	8,648	-	22,476
State Registration Fees	-	9,811	-	9,811	-	3,703	-	3,703
Dues And Subscriptions	3,250	-	-	3,250	4,576	50	-	4,626
<b>Total Expenses</b>	<b>\$ 1,628,769</b>	<b>\$ 269,497</b>	<b>\$ 54,408</b>	<b>\$ 1,952,674</b>	<b>\$ 1,422,388</b>	<b>\$ 203,042</b>	<b>\$ 58,612</b>	<b>\$ 1,684,042</b>

\* Council employees dedicated full time to work for BBB WGA.