



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2010

BIG CITY MOUNTAINEERS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Big City Mountaineers, Inc.
Denver, Colorado

We have audited the accompanying statement of financial position of Big City Mountaineers, Inc. as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big City Mountaineers, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Littleton, Colorado
March 30, 2011

BIG CITY MOUNTAINEERS, INC.

Statement of Financial Position

December 31, 2010

ASSETS:

Cash and cash equivalents	\$	255,760
Investments		112,342
Contributions receivable		46,000
Prepaid expenses and other assets		9,463
Inventory		88,007
Furniture and equipment—net		<u>41,475</u>

Total Assets	\$	<u><u>553,047</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and other liabilities	\$	<u>23,237</u>
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Net assets:

Unrestricted:

Undesignated		223,088
Equity in property and equipment—net		<u>41,475</u>

264,563

Temporarily restricted		165,247
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Permanently restricted		<u>100,000</u>
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529,810

Total Liabilities and Net Assets	\$	<u><u>553,047</u></u>
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See notes to financial statements

BIG CITY MOUNTAINEERS, INC.

Statement of Activities

Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions	\$ 348,468	\$ 71,872	\$ -	\$ 420,340
Gift-in-kind contributions	263,924	-	-	263,924
Program income	31,609	-	-	31,609
Investment and other income	12,404	-	-	12,404
	<u>656,405</u>	<u>71,872</u>	<u>-</u>	<u>728,277</u>
Summit for Someone:				
Contributions	477,227	-	-	477,227
Gift-in-kind contributions	349,965	-	-	349,965
Climber and other expenses	(652,819)	-	-	(652,819)
	<u>174,373</u>	<u>-</u>	<u>-</u>	<u>174,373</u>
Total Support and Revenue	<u>830,778</u>	<u>71,872</u>	<u>-</u>	<u>902,650</u>
NET ASSETS RELEASED:				
Purpose restrictions	68,772	(68,772)	-	-
EXPENSES:				
Program services	649,691	-	-	649,691
Supporting activities:				
General and administrative	137,661	-	-	137,661
Fundraising	79,905	-	-	79,905
	<u>217,566</u>	<u>-</u>	<u>-</u>	<u>217,566</u>
Total Expenses	<u>867,257</u>	<u>-</u>	<u>-</u>	<u>867,257</u>
Change in Net Assets	32,293	3,100	-	35,393
Net Assets, Beginning of Year	<u>232,270</u>	<u>162,147</u>	<u>100,000</u>	<u>494,417</u>
Net Assets, End of Year	<u>\$ 264,563</u>	<u>\$ 165,247</u>	<u>\$ 100,000</u>	<u>\$ 529,810</u>

See notes to financial statements

BIG CITY MOUNTAINEERS, INC.

Statement of Cash Flows

Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 35,393
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	13,833
(Gain) loss on sale of property and equipment	1,219
Contributions restricted for long-term purposes	(2,057)
Net realized and unrealized gain on investments	(9,414)
Donated furniture and equipment	(34,770)
Change in operating assets and liabilities:	
Contributions receivable	(46,000)
Prepaid expenses and other assets	180
Inventory	(32,997)
Accounts payable and other liabilities	(8,884)
Net Cash Used by Operating Activities	<u>(83,497)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(104,942)
Proceeds from sale of investments	326,281
Net Cash Provided by Investing Activities	<u>221,339</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Contributions restricted for long-term purposes	2,057
Net Cash Provided by Financing Activities	<u>2,057</u>

Net Increase in Cash and Cash Equivalents 139,899

Cash and Cash Equivalents, Beginning of Year 115,861

Cash and Cash Equivalents, End of Year \$ 255,760

See notes to financial statements

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2010

1. NATURE OF ORGANIZATION:

Big City Mountaineers, Inc. (BCM) is a volunteer-driven nonprofit organization delivering transformative wilderness expeditions that instill critical life skills in under-resourced urban youth. BCM works with community-based partner organizations and caring adult volunteers who act as mentors in the field. The curriculum improves integrity, self-esteem, responsibility, decision-making abilities, and communication skills. BCM results show that our programs improve kids' lives, including an increased likeliness to stay in school, reduction in violence and reduction in drug use.

BCM is a nonprofit organization incorporated in the State of Florida and is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BCM uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking accounts and interest bearing money market accounts. BCM maintains its cash in bank and other deposit accounts at high-quality financial institutions. The balances, at times, may exceed federally insured limits. BCM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments and endowment assets consist of cash and cash equivalents, marketable securities, equity funds, and bond funds. The marketable securities, equity funds, and bond funds are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Cash and cash equivalents, held as a part of the investment portfolio, are carried at cost. Realized and unrealized gains and losses are included as unrestricted revenue in the statement of activities, unless restricted by the donor. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of amounts unconditionally promised to BCM. Management considers all amounts to be fully collectible.

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY

Inventory consists of items such as clothing, camping supplies, food items, and other materials that have been purchased by or donated to BCM. Purchased inventory is recorded at the lower of cost or fair market value. Donated inventory is recorded at the fair market value on the date of donation. An inventory allowance was not required for the year ended December 31, 2010.

FURNITURE AND EQUIPMENT

Equipment is recorded at cost if purchased and includes improvements that significantly add to utility or extended useful lives. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives, which range from 3 to 7 years. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in support and revenue for the period. Purchases in excess of \$1,000 are capitalized.

NET ASSETS

The net assets of BCM are reported in the following categories:

Unrestricted net assets include resources that are used for current operations, including those resources invested in furniture and equipment.

Temporarily restricted net assets are comprised of donor-restricted contributions for the support of specific projects.

Permanently restricted net assets are those contributed with donor restrictions requiring they be held in perpetuity. Income received on endowment funds has been designated by agreement for specific program purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of BCM has interpreted the Colorado 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, BCM classifies as permanent restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment. 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 organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS, continued

	Year Ending December 31, 2010		
	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 5,834	\$ 100,000	\$ 105,834
Investment income	6,508	-	6,508
Endowment Net Assets, End of Year	<u>\$ 12,342</u>	<u>\$ 100,000</u>	<u>\$ 112,342</u>

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or grantor.

All other income is recognized when earned.

GIFT-IN-KIND CONTRIBUTIONS

BCM receives donations of clothing, camping gear, food items, and other materials for use in its programs. Such gifts are recorded at their estimated fair market value at the date of donation. Gifts received are reported in the statement of activities as unrestricted gift-in-kind contributions unless restricted by the donor for a specific purpose. Amounts used during the year are included in program services expense in the statement of activities or in the Summit for Someone expenses. Amounts remaining at year-end are included in inventory on the statement of financial position.

SUMMIT FOR SOMEONE PROGRAM

Summit for Someone is a BCM fundraising program, which allows individuals to summit one of more than 16 peaks in North America. The individuals raise funds for BCM; a portion of these funds are then used to pay for the climber's expenses related to their climbing expedition. The direct climber expenses and gift-in-kind expense related to the Summit for Someone program have been netted against support and revenue on the statement of activities.

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2010, BCM had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. INVESTMENTS:

Investments consist of:

Cash and cash equivalents	\$	2,535
Marketable securities		54,187
Equity funds		44,873
Bond funds		10,747
		<hr/>
	\$	112,342
		<hr/> <hr/>

Investment income consists of:

Interest and dividends	\$	1,452
Realized and unrealized gains		9,414
		<hr/>
	\$	10,866
		<hr/> <hr/>

4. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consists of:

Program equipment	\$	53,226
Computer equipment and software		36,884
Furniture and equipment		6,326
		<hr/>
		96,436
Less accumulated depreciation		(54,961)
		<hr/>
	\$	41,475
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Depreciation expense of \$13,833 has been charged to the statement of activities for the year ended December 31, 2010.

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2010

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

Purpose restricted for capital additions	\$ 106,905
Purpose restricted for projects	12,342
Time restricted	<u>46,000</u>
	<u>\$ 165,247</u>

6. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions consist of:

Advertising	\$ 355,280
Gear and equipment	<u>258,609</u>
	<u>\$ 613,889</u>

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL SCHEDULE

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL SCHEDULE**

Board of Directors
Big City Mountaineers, Inc.
Denver, Colorado

Our report on our audit of the basic financial statements of Big City Mountaineers, Inc. for the year ended December 31, 2010, is found on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Capin Crouse LLP

Littleton, Colorado
March 30, 2011

BIG CITY MOUNTAINEERS, INC.

Schedule of Functional Expenses

Year Ended December 31, 2010

	Supporting Activities				Total
	Program Services	General and Administrative	Fund- raising	Supporting Activities Total	
Salaries and benefits	\$ 283,324	\$ 17,466	\$ 52,402	\$ 69,868	\$ 353,192
Program expenses	207,863	-	-	-	207,863
Professional fees	39,695	38,587	11,005	49,592	89,287
Promotion and advertising	16,771	48,928	59	48,987	65,758
Occupancy	52,518	2,501	7,503	10,004	62,522
Office expense	22,067	10,389	1,509	11,898	33,965
Depreciation expense	13,833	-	-	-	13,833
Travel and entertainment	6,372	3,991	2,700	6,691	13,063
Equipment and supplies	2,995	1,434	-	1,434	4,429
Other expense	4,253	14,365	4,727	19,092	23,345
	<u>\$ 649,691</u>	<u>\$ 137,661</u>	<u>\$ 79,905</u>	<u>\$ 217,566</u>	<u>\$ 867,257</u>