



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2012 and 2011

BIG CITY MOUNTAINEERS, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Big City Mountaineers, Inc., which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and 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 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.

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

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, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Littleton, Colorado
March 7, 2013

BIG CITY MOUNTAINEERS, INC.

Statements of Financial Position

	December 31,	
	2012	2011
ASSETS:		
Cash and cash equivalents	\$ 206,836	\$ 131,563
Investments	28,266	107,492
Contributions receivable	54,191	126,860
Prepaid expenses and other assets	13,628	13,320
Inventory	119,556	127,439
Furniture and equipment–net	76,828	42,102
Endowment assets	120,089	113,101
Total Assets	<u>\$ 619,394</u>	<u>\$ 661,877</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	\$ 95,466	\$ 111,777
Deferred revenue	44,921	-
	<u>140,387</u>	<u>111,777</u>
Net assets:		
Unrestricted:		
Undesignated	124,633	160,545
Equity in property and equipment–net	76,828	42,102
	<u>201,461</u>	<u>202,647</u>
Temporarily restricted	177,546	247,453
Permanently restricted	100,000	100,000
	<u>479,007</u>	<u>550,100</u>
Total Liabilities and Net Assets	<u>\$ 619,394</u>	<u>\$ 661,877</u>

See notes to financial statements

BIG CITY MOUNTAINEERS, INC.

Statements of Activities

	Year Ended December 31,							
	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Contributions	\$ 434,071	\$ 57,965	\$ -	\$ 492,036	\$ 302,810	\$ 127,447	\$ -	\$ 430,257
Gift-in-kind contributions	233,865	-	-	233,865	243,235	-	-	243,235
Program income	195,062	-	-	195,062	60,780	-	-	60,780
Investment and other income	7,528	13,988	-	21,516	2,643	759	-	3,402
	<u>870,526</u>	<u>71,953</u>	<u>-</u>	<u>942,479</u>	<u>609,468</u>	<u>128,206</u>	<u>-</u>	<u>737,674</u>
Summit for Someone:								
Contributions	611,850	-	-	611,850	516,091	-	-	516,091
Gift-in-kind contributions	410,896	-	-	410,896	387,575	-	-	387,575
Climber and other expenses	(673,190)	-	-	(673,190)	(732,962)	-	-	(732,962)
	<u>349,556</u>	<u>-</u>	<u>-</u>	<u>349,556</u>	<u>170,704</u>	<u>-</u>	<u>-</u>	<u>170,704</u>
Total Support and Revenue	<u>1,220,082</u>	<u>71,953</u>	<u>-</u>	<u>1,292,035</u>	<u>780,172</u>	<u>128,206</u>	<u>-</u>	<u>908,378</u>
NET ASSETS RELEASED:								
Purpose restrictions	15,000	(15,000)	-	-	-	-	-	-
Time restrictions	126,860	(126,860)	-	-	46,000	(46,000)	-	-
	<u>141,860</u>	<u>(141,860)</u>	<u>-</u>	<u>-</u>	<u>46,000</u>	<u>(46,000)</u>	<u>-</u>	<u>-</u>

(continued)

See notes to financial statements

BIG CITY MOUNTAINEERS, INC.

Statements of Activities (continued)

	Year Ended December 31,							
	2012			2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:								
Program services	1,056,643	-	-	1,056,643	667,664	-	-	667,664
Supporting activities:								
General and administrative	138,128	-	-	138,128	121,858	-	-	121,858
Fundraising	168,357	-	-	168,357	98,566	-	-	98,566
	306,485	-	-	306,485	220,424	-	-	220,424
Total Expenses	1,363,128	-	-	1,363,128	888,088	-	-	888,088
Change in Net Assets	(1,186)	(69,907)	-	(71,093)	(61,916)	82,206	-	20,290
Net Assets, Beginning of Year	202,647	247,453	100,000	550,100	264,563	165,247	100,000	529,810
Net Assets, End of Year	\$ 201,461	\$ 177,546	\$ 100,000	\$ 479,007	\$ 202,647	\$ 247,453	\$ 100,000	\$ 550,100

See notes to financial statements

BIG CITY MOUNTAINEERS, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (71,093)	\$ 20,290
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	17,595	17,346
Loss on sale of property and equipment	-	1,582
Net realized and unrealized (gains) losses on investments	(15,412)	2,889
Donated furniture and equipment	(52,321)	(19,555)
Change in operating assets and liabilities:		
Contributions receivable	72,669	(80,860)
Prepaid expenses and other assets	(308)	(3,857)
Inventory	7,883	(39,432)
Accounts payable and other liabilities	(16,311)	88,540
Deferred revenue	44,921	-
Net Cash Used by Operating Activities	(12,377)	(13,057)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,350)	(111,140)
Proceeds from sale of investments	90,000	-
Net Cash Provided (Used) by Investing Activities	87,650	(111,140)
Net Change in Cash and Cash Equivalents	75,273	(124,197)
Cash and Cash Equivalents, Beginning of Year	131,563	255,760
Cash and Cash Equivalents, End of Year	\$ 206,836	\$ 131,563

See notes to financial statements

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

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. Contributions are BCM's primary source of revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BCM maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. 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 AND ENDOWMENT ASSETS

Investments and endowment assets consist of cash, bonds, and mutual funds. The 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). Realized and unrealized gains and losses are included as unrestricted revenue in the statements 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, 2012 and 2011

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, discounted if large quantities received, on the date of donation. An allowance for obsolete inventory was not considered necessary for the years ended December 31, 2012 and 2011.

FURNITURE AND EQUIPMENT

Furniture and 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 three to seven 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 are those resources that are used for current operations, including those resources invested in furniture and equipment.

Temporarily restricted net assets are those 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, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS, continued

	Year Ended December 31, 2012		
	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 13,101	\$ 100,000	\$ 113,101
Investment income	13,988	-	13,988
Expenditure of endowment assets	(7,000)	-	(7,000)
Endowment Net Assets, End of Year	<u>\$ 20,089</u>	<u>\$ 100,000</u>	<u>\$ 120,089</u>

	Year Ended December 31, 2011		
	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 12,342	\$ 100,000	\$ 112,342
Investment income	759	-	759
Endowment Net Assets, End of Year	<u>\$ 13,101</u>	<u>\$ 100,000</u>	<u>\$ 113,101</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 statements 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.

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, discounted for large quantities received, at the date of donation. Gifts received are reported in the statements 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 statements of activities or in the Summit for Someone expenses. Amounts remaining at year-end are included in inventory on the statements of financial position or, if the gifts will be used over two years or more, the amounts are included in property and equipment and depreciated over the estimated useful life.

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 climbers' 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 statements of activities.

UNCERTAIN TAX POSITIONS

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 statements of activities. As of December 31, 2012, BCM had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

BCM's federal Return of Organization Exempt from Income Tax Form 990 for the years ended December 31, 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

3. INVESTMENTS:

Investments consist of:

	Year Ended December 31,	
	2012	2011
Large blend equity mutual fund	\$ 120,089	\$ 113,101
Intermediate-term bond fund	28,266	107,492
	<u>148,355</u>	<u>220,593</u>
Less endowment assets	<u>(120,089)</u>	<u>(113,101)</u>
	<u>\$ 28,266</u>	<u>\$ 107,492</u>

Investment income consists of:

	Year Ended December 31,	
	2012	2011
Interest and dividends	\$ 4,928	\$ 4,997
Realized and unrealized gains (losses)	<u>15,412</u>	<u>(2,889)</u>
	<u>\$ 20,340</u>	<u>\$ 2,108</u>

4. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consists of:

	December 31,	
	2012	2011
Program equipment	\$ 75,146	\$ 66,179
Computer equipment and software	72,933	38,372
Furniture and equipment	<u>12,412</u>	<u>6,326</u>
	<u>160,491</u>	<u>110,877</u>
Less accumulated depreciation	<u>(83,663)</u>	<u>(68,775)</u>
	<u>\$ 76,828</u>	<u>\$ 42,102</u>

Depreciation expense of \$17,595 and \$17,346 has been charged to the statements of activities for the years ended December 31, 2012 and 2011, respectively.

BIG CITY MOUNTAINEERS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2012	2011
Purpose restricted for capital additions	\$ 103,266	\$ 107,492
Time restricted	54,191	126,860
Purpose restricted for projects	20,089	13,101
	<u>\$ 177,546</u>	<u>\$ 247,453</u>

6. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions consist of:

	December 31,	
	2012	2011
Advertising	\$ 410,309	\$ 389,586
Gear and equipment	150,304	169,133
Contributed services	84,148	72,091
	<u>644,761</u>	<u>630,810</u>
Less: SFS gift-in-kind contributions	<u>(410,896)</u>	<u>(387,575)</u>
	<u>\$ 233,865</u>	<u>\$ 243,235</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.

SUPPLEMENTARY SCHEDULES

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

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

We have audited the financial statements of Big City Mountaineers, Inc. as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated March 7, 2013, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are 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 has been subjected to the auditing procedures applied in the audits 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.

Capin Crouse LLP

Littleton, Colorado
March 7, 2013

BIG CITY MOUNTAINEERS, INC.

Schedule of Functional Expenses

Year Ended December 31, 2012

	Supporting Activities				Total
	Program Services	General and Administrative	Fund- raising	Supporting Activities Total	
Salaries and benefits	\$ 437,532	\$ 25,869	\$ 107,817	\$ 133,686	\$ 571,218
Program expenses	417,038	-	-	-	417,038
Professional fees	42,128	55,907	9,835	65,742	107,870
Promotion and advertising	40,833	14,386	11,399	25,785	66,618
Occupancy	36,142	5,130	4,994	10,124	46,266
Travel and entertainment	17,941	3,024	9,834	12,858	30,799
Office expense	15,366	4,381	9,468	13,849	29,215
Depreciation expense	13,531	4,064	-	4,064	17,595
Equipment and supplies	851	6,859	237	7,096	7,947
Other expense	35,281	18,508	14,773	33,281	68,562
Total Expenses	\$ 1,056,643	\$ 138,128	\$ 168,357	\$ 306,485	\$ 1,363,128
Percent of Total Expenses	78%	10%	12%	22%	100%

BIG CITY MOUNTAINEERS, INC.

Schedule of Functional Expenses

Year Ended December 31, 2011

	Supporting Activities				Total
	Program Services	General and Administrative	Fund- raising	Supporting Activities Total	
Salaries and benefits	\$ 301,031	\$ 40,689	\$ 61,033	\$ 101,722	\$ 402,753
Program expenses	224,816	-	-	-	224,816
Professional fees	33,207	31,657	20,988	52,645	85,852
Promotion and advertising	24,186	12,654	86	12,740	36,926
Occupancy	37,926	3,793	5,689	9,482	47,408
Travel and entertainment	13,812	8,650	5,851	14,501	28,313
Office expense	5,778	12,250	1,270	13,520	19,298
Depreciation expense	17,346	-	-	-	17,346
Equipment and supplies	1,381	1,707	-	1,707	3,088
Other expense	8,181	10,458	3,649	14,107	22,288
	\$ 667,664	\$ 121,858	\$ 98,566	\$ 220,424	\$ 888,088
Percent of Total Expenses	75%	14%	11%	25%	100%