

**BIG BROTHERS BIG SISTERS OF AMERICA**

**FINANCIAL STATEMENTS**

June 30, 2017 and 2016

BIG BROTHERS BIG SISTERS OF AMERICA  
FINANCIAL STATEMENTS  
June 30, 2017 and 2016

CONTENTS

|  |   |
|--|---|
| INDEPENDENT AUDITOR'S REPORT .....                                 | 1 |
| FINANCIAL STATEMENTS   |   |
| STATEMENTS OF FINANCIAL POSITION, JUNE 30, 2017 AND 2016 .....     | 3 |
| STATEMENT OF ACTIVITIES, YEAR ENDED JUNE 30, 2017 .....            | 4 |
| STATEMENT OF ACTIVITIES, YEAR ENDED JUNE 30, 2016 .....            | 5 |
| STATEMENTS OF CASH FLOWS, YEARS ENDED JUNE 30, 2017 AND 2016 ..... | 6 |
| STATEMENT OF FUNCTIONAL EXPENSES, YEAR ENDED JUNE 30, 2017 .....   | 7 |
| STATEMENT OF FUNCTIONAL EXPENSES, YEAR ENDED JUNE 30, 2016 .....   | 8 |
| NOTES TO FINANCIAL STATEMENTS .....                                | 9 |

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Big Brothers Big Sisters of America

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Big Brothers Big Sisters of America (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, 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.

### ***Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Crowe Horwath LLP

Tampa, Florida  
December 18, 2017

BIG BROTHERS BIG SISTERS OF AMERICA  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2017 and 2016

|  | <u>2017</u>          | <u>2016</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Cash and cash equivalents  | \$ 5,447,815         | \$ 7,488,424         |
| Accounts receivable from affiliated agencies (net of allowance for doubtful accounts of \$75,000 and \$75,000, respectively) | 366,271              | 354,581              |
| Contributions receivable and government grants (Note 4)  | 4,345,068            | 4,681,277            |
| Prepaid expenses and other assets  | 139,428              | 154,676              |
| Property and equipment (Note 7)  | 41,171               | 60,148               |
| Investments (Note 5 and 6)   | 2,097,351            | 300,020              |
| Beneficial interest in trust (Note 6)  | 8,316                | 8,320                |
| Endowment investments  | <u>282,182</u>       | <u>229,298</u>       |
| <br>   |                      |                      |
| Total assets   | <u>\$ 12,727,602</u> | <u>\$ 13,276,744</u> |
| <br><b>LIABILITIES AND NET ASSETS</b>  |                      |                      |
| Grants payable to local agencies   | \$ 5,125,973         | \$ 5,389,827         |
| Deferred revenue   | 910,312              | 944,627              |
| Accounts payable and accrued expenses  | <u>778,671</u>       | <u>1,581,842</u>     |
| Total liabilities  | <u>6,814,956</u>     | <u>7,916,296</u>     |
| <br>Net assets   |                      |                      |
| Unrestricted   |                      |                      |
| Undesignated   | 3,365,584            | 3,057,928            |
| Board Designated (Note 3)  | 99,000               | -                    |
| Temporarily restricted (Note 2)  | 2,168,332            | 2,022,790            |
| Permanently restricted (Note 2)  | <u>279,730</u>       | <u>279,730</u>       |
| Total net assets   | <u>5,912,646</u>     | <u>5,360,448</u>     |
| <br>   |                      |                      |
| Total liabilities and net assets   | <u>\$ 12,727,602</u> | <u>\$ 13,276,744</u> |

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2017

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <b>Public support and revenue</b>        |                     |                                   |                                   |                     |
| Public support                           |                     |                                   |                                   |                     |
| Contributions and grants                 | \$ 7,144,080        | \$ 4,655,614                      | \$ -                              | \$ 11,799,694       |
| Government funding                       | <u>8,515,301</u>    | <u>-</u>                          | <u>-</u>                          | <u>8,515,301</u>    |
|  | <u>15,659,381</u>   | <u>4,655,614</u>                  | <u>-</u>                          | <u>20,314,995</u>   |
| Revenues                                 |                     |                                   |                                   |                     |
| Memberships                              | 3,482,344           | -                                 | -                                 | 3,482,344           |
| Investment income                        | 10,538              | -                                 | -                                 | 10,538              |
| Other income                             | <u>1,257,843</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,257,843</u>    |
|  | <u>4,750,725</u>    | <u>-</u>                          | <u>-</u>                          | <u>4,750,725</u>    |
| Net assets released from restrictions    |                     |                                   |                                   |                     |
| Satisfaction of program restrictions     | <u>4,510,072</u>    | <u>(4,510,072)</u>                | <u>-</u>                          | <u>-</u>            |
| Total public support and revenues        | <u>24,920,178</u>   | <u>145,542</u>                    | <u>-</u>                          | <u>25,065,720</u>   |
| <b>Expenses</b>                          |                     |                                   |                                   |                     |
| Program services                         |                     |                                   |                                   |                     |
| Program implementation                   | 8,968,715           | -                                 | -                                 | 8,968,715           |
| Agency services, support and development | 10,268,137          | -                                 | -                                 | 10,268,137          |
| Child safety, standards and compliance   | <u>2,505,320</u>    | <u>-</u>                          | <u>-</u>                          | <u>2,505,320</u>    |
|  | <u>21,742,172</u>   | <u>-</u>                          | <u>-</u>                          | <u>21,742,172</u>   |
| Support services                         |                     |                                   |                                   |                     |
| Management and general                   | 1,430,309           | -                                 | -                                 | 1,430,309           |
| Fundraising                              | <u>1,341,041</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,341,041</u>    |
| Total supporting services                | <u>2,771,350</u>    | <u>-</u>                          | <u>-</u>                          | <u>2,771,350</u>    |
| Total expenses                           | <u>24,513,522</u>   | <u>-</u>                          | <u>-</u>                          | <u>24,513,522</u>   |
| <b>Change in net assets</b>              | 406,656             | 145,542                           | -                                 | 552,198             |
| Net assets, beginning of year            | <u>3,057,928</u>    | <u>2,022,790</u>                  | <u>279,730</u>                    | <u>5,360,448</u>    |
| <b>Net assets, end of year</b>           | <u>\$ 3,464,584</u> | <u>\$ 2,168,332</u>               | <u>\$ 279,730</u>                 | <u>\$ 5,912,646</u> |

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2016

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <b>Public support and revenue</b>        |                     |                                   |                                   |                     |
| Public support                           |                     |                                   |                                   |                     |
| Contributions and grants                 | \$ 8,509,095        | \$ 3,080,559                      | \$ 50,000                         | \$ 11,639,654       |
| Government funding                       | <u>4,828,295</u>    | <u>-</u>                          | <u>-</u>                          | <u>4,828,295</u>    |
|  | <u>13,337,390</u>   | <u>3,080,559</u>                  | <u>50,000</u>                     | <u>16,467,949</u>   |
| Revenues                                 |                     |                                   |                                   |                     |
| Memberships                              | 3,461,991           | -                                 | -                                 | 3,461,991           |
| Investment income                        | 3,059               | -                                 | -                                 | 3,059               |
| Other income                             | <u>346,024</u>      | <u>-</u>                          | <u>-</u>                          | <u>346,024</u>      |
|  | <u>3,811,074</u>    | <u>-</u>                          | <u>-</u>                          | <u>3,811,074</u>    |
| Net assets released from restrictions    |                     |                                   |                                   |                     |
| Satisfaction of program restrictions     | <u>4,937,982</u>    | <u>(4,937,982)</u>                | <u>-</u>                          | <u>-</u>            |
| Total public support and revenues        | <u>22,086,446</u>   | <u>(1,857,423)</u>                | <u>50,000</u>                     | <u>20,279,023</u>   |
| <b>Expenses</b>                          |                     |                                   |                                   |                     |
| Program services                         |                     |                                   |                                   |                     |
| Program implementation                   | 6,307,888           | -                                 | -                                 | 6,307,888           |
| Agency services, support and development | 7,588,068           | -                                 | -                                 | 7,588,068           |
| Child safety, standards and compliance   | <u>3,473,483</u>    | <u>-</u>                          | <u>-</u>                          | <u>3,473,483</u>    |
|  | <u>17,369,439</u>   | <u>-</u>                          | <u>-</u>                          | <u>17,369,439</u>   |
| Support services                         |                     |                                   |                                   |                     |
| Management and general                   | 1,755,655           | -                                 | -                                 | 1,755,655           |
| Fundraising                              | <u>1,129,114</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,129,114</u>    |
| Total supporting services                | <u>2,884,769</u>    | <u>-</u>                          | <u>-</u>                          | <u>2,884,769</u>    |
| Total expenses                           | <u>20,254,208</u>   | <u>-</u>                          | <u>-</u>                          | <u>20,254,208</u>   |
| <b>Change in net assets</b>              | 1,832,238           | (1,857,423)                       | 50,000                            | 24,815              |
| Net assets, beginning of year            | <u>1,225,690</u>    | <u>3,880,213</u>                  | <u>229,730</u>                    | <u>5,335,633</u>    |
| <b>Net assets, end of year</b>           | <u>\$ 3,057,928</u> | <u>\$ 2,022,790</u>               | <u>\$ 279,730</u>                 | <u>\$ 5,360,448</u> |

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA  
 STATEMENTS OF CASH FLOWS  
 Year ended June 30, 2017 and 2016

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |
| Change in net assets   | \$ 552,198          | \$ 24,815           |
| Adjustments to reconcile change in net asset to net cash used in operating activities: |                     |                     |
| Depreciation   | 26,013              | 31,028              |
| Bad debt expense   | 12,670              | 35,316              |
| Net (gain) loss on investments   | (4,537)             | 16,113              |
| Decrease (increase) in assets:   |                     |                     |
| Accounts receivable from affiliated agencies   | (24,360)            | 32,091              |
| Contributions and grants receivable  | 336,209             | (1,636,878)         |
| Prepaid expenses and other assets  | 15,248              | (86,701)            |
| Increase (decrease) in liabilities:  |                     |                     |
| Accounts payable and accrued expenses  | (803,171)           | (1,236,877)         |
| Grants payable to local agencies   | (263,854)           | 2,716,964           |
| Deferred revenue   | (34,315)            | 26,907              |
| Net cash used in operating activities  | <u>(187,899)</u>    | <u>(77,222)</u>     |
| <b>Cash flows from investing activities</b>  |                     |                     |
| Purchases of equipment   | (7,036)             | (2,007)             |
| Purchase of investments  | (1,846,055)         | (280,274)           |
| Proceeds from sale of investments  | 381                 | -                   |
| Net cash used in investing activities  | <u>(1,852,710)</u>  | <u>(282,281)</u>    |
| <b>Cash flows from financing activities</b>  |                     |                     |
| Payments on long term payable  | -                   | (365,000)           |
| Net cash used in financing activities  | <u>-</u>            | <u>(365,000)</u>    |
| <b>Net decrease in cash and cash equivalents</b>                                       | (2,040,609)         | (724,503)           |
| Cash and cash equivalents  |                     |                     |
| Beginning of the year  | <u>7,488,424</u>    | <u>8,212,927</u>    |
| <b>End of the year</b>   | <u>\$ 5,447,815</u> | <u>\$ 7,488,424</u> |

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2017

|                                       | Program<br>Implementation | Agency Services,<br>Support and<br>Development | Child Safety,<br>Standards and<br>Compliance | Total<br>Program<br>Services | Supporting<br>Management<br>& General | Services<br>Fund<br>Raising | Total<br>Support<br>Services | Total                |
|---------------------------------------|---------------------------|--|--|------------------------------|---------------------------------------|-----------------------------|------------------------------|----------------------|
| Salaries and wages                    | \$ 787,772                | \$ 1,575,545                                   | \$ 487,669                                   | \$ 2,850,986                 | \$ 300,104                            | \$ 600,208                  | \$ 900,312                   | \$ 3,751,298         |
| Payroll taxes                         | 53,310                    | 106,620  | 33,001                                       | 192,931                      | 20,308                                | 40,617                      | 60,925                       | 253,856              |
| Insurance benefits                    | 49,000                    | 98,000   | 30,333                                       | 177,333                      | 18,667                                | 37,333                      | 56,000                       | 233,333              |
| Grants to local agencies              | 6,684,891                 | 6,684,891                                      | -  | 13,369,782                   | -                                     | -                           | -                            | 13,369,782           |
| Professional services                 | 894,131                   | 1,111,842                                      | 1,656,463                                    | 3,662,436                    | 671,621                               | 520,544                     | 1,192,165                    | 4,854,601            |
| Telephone, postage and shipping       | 41,560                    | 19,394   | 8,312  | 69,266                       | 30,477                                | 5,541                       | 36,018                       | 105,284              |
| Occupancy and maintenance             | 72,617                    | 64,848   | 80,388                                       | 217,853                      | 53,962                                | 27,571                      | 81,533                       | 299,386              |
| Printing, publications and promotions | 18,556                    | 8,660  | 3,711  | 30,927                       | 13,608                                | 2,474                       | 16,082                       | 47,009               |
| Conferences, travel and events        | 178,529                   | 331,962  | 46,817                                       | 557,308                      | 98,773                                | 19,723                      | 118,496                      | 675,804              |
| Insurance                             | 45,724                    | 91,449   | 28,306                                       | 165,479                      | 17,419                                | 34,838                      | 52,256                       | 217,735              |
| Information technology                | 110,323                   | 110,323  | 110,323                                      | 330,969                      | 193,065                               | 27,581                      | 220,646                      | 551,615              |
| Depreciation                          | 5,463                     | 10,925   | 3,382  | 19,770                       | 2,081                                 | 4,162                       | 6,243                        | 26,013               |
| Other                                 | 26,839                    | 53,678   | 16,615                                       | 97,132                       | 10,224                                | 20,449                      | 30,673                       | 127,805              |
|                                       | <u>\$ 8,968,715</u>       | <u>\$ 10,268,137</u>                           | <u>\$ 2,505,320</u>                          | <u>\$ 21,742,172</u>         | <u>\$ 1,430,309</u>                   | <u>\$ 1,341,041</u>         | <u>\$ 2,771,350</u>          | <u>\$ 24,513,522</u> |

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2016

|                                       | <u>Program<br/>Implementation</u> | <u>Agency Services,<br/>Support and<br/>Development</u> | <u>Child Safety,<br/>Standards and<br/>Compliance</u> | <u>Total<br/>Program<br/>Services</u> | <u>Supporting<br/>Management<br/>&amp; General</u> | <u>Services<br/>Fund<br/>Raising</u> | <u>Total<br/>Support<br/>Services</u> | <u>Total</u>         |
|---------------------------------------|-----------------------------------|---|---|---------------------------------------|--|--------------------------------------|---------------------------------------|----------------------|
| Salaries and wages                    | \$ 723,554                        | \$ 1,270,037  | \$ 351,221  | \$ 2,344,812                          | \$ 302,985   | \$ 376,947                           | \$ 679,932                            | \$ 3,024,744         |
| Payroll taxes                         | 53,268                            | 93,501  | 25,857  | 172,626                               | 22,306   | 27,751                               | 50,057                                | 222,683              |
| Insurance benefits                    | 39,485                            | 69,307  | 19,166  | 127,958                               | 16,534   | 20,570                               | 37,104                                | 165,062              |
| Grants to local agencies              | 4,620,851                         | 4,620,851   | -   | 9,241,702                             | -  | -                                    | -                                     | 9,241,702            |
| Professional services                 | 540,998                           | 846,210   | 2,883,358   | 4,270,566                             | 1,084,759  | 220,051                              | 1,304,810                             | 5,575,376            |
| Telephone, postage and shipping       | 22,347                            | 39,225  | 10,848  | 72,420                                | 9,358  | 11,642                               | 21,000                                | 93,420               |
| Occupancy and maintenance             | 70,417                            | 123,602   | 34,181  | 228,200                               | 29,487   | 36,685                               | 66,172                                | 294,372              |
| Printing, publications and promotions | 15,672                            | 27,509  | 7,607   | 50,788                                | 6,563  | 8,165                                | 14,728                                | 65,516               |
| Conferences, travel and events        | 4,037                             | 167,664   | 910   | 172,611                               | 102,124  | 332,483                              | 434,607                               | 607,218              |
| Insurance                             | 53,086                            | 93,180  | 25,768  | 172,034                               | 22,229   | 27,656                               | 49,885                                | 221,919              |
| Information technology                | 67,774                            | 67,774  | 67,774  | 203,322                               | 118,604  | 16,943                               | 135,547                               | 338,869              |
| Depreciation                          | 7,422                             | 13,028  | 3,603   | 24,053                                | 3,108  | 3,867                                | 6,975                                 | 31,028               |
| Other                                 | 88,977                            | 156,180   | 43,190  | 288,347                               | 37,598   | 46,354                               | 83,952                                | 372,299              |
|                                       | <u>\$ 6,307,888</u>               | <u>\$ 7,588,068</u>                                     | <u>\$ 3,473,483</u>                                   | <u>\$ 17,369,439</u>                  | <u>\$ 1,755,655</u>                                | <u>\$ 1,129,114</u>                  | <u>\$ 2,884,769</u>                   | <u>\$ 20,254,208</u> |

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization: Big Brothers Big Sisters of America (“the Organization” or “BBBSA”) is the nation’s premier mentoring organization. The Organization's vision is that all children achieve success in life. The Organization's mission is to provide children facing adversity with strong and enduring, professionally supported 1-to-1 relationships that change their lives for the better, forever. The Organization and its staff partner with parents/guardians, volunteers, and others in the community and holds itself accountable for the program achieving:

- Higher aspirations, greater confidence, and better relationships
- Avoidance of risky behaviors
- Educational success

The Organization works closely with Big Brothers Big Sisters agencies ("local affiliates" or "affiliated agencies") throughout the country to implement its programs. These agencies are separate legal entities, which are not controlled by the Organization, and are therefore not consolidated within the Organization's financial statements.

Basis of Presentation: The financial statements have been prepared on the accrual basis of accounting. Financial statement presentation follows FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, 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.

In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions, including unconditional promises to give, are recorded at fair value when received. Multi-year contributions are recorded at their estimated net present value using appropriate discount rates at the date of receipt.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Management’s Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management’s knowledge and experience. Accordingly, actual results could differ from those estimates.

Investments: The Organization carries investments in marketable securities at fair value. FASB ASC 820-10 establishes a framework for measuring fair value and expands disclosures about fair value measurements. For Level 1 investments, fair values are based upon quoted values for identical investments in active markets. For Level 2 investments, fair value is determined by unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable. For Level 3 investments, fair value is based primarily upon estimates and other inputs that are not freely available.

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment and Depreciation: Property and equipment are recorded at cost. Depreciation of property and equipment has been provided for on a consistent basis over the estimated useful lives of the various assets using the straight-line method. Expenditures for repairs and maintenance are charged to current operations. Donated property and equipment are recorded at fair market value, if determinable, and depreciated in the same manner as purchased property and equipment. The estimated useful lives of the assets are as follows:

|                         |               |
|-------------------------|---------------|
| Building improvements   | 7 to 50 years |
| Furniture and equipment | 3 to 7 years  |

Income Tax Status: The Organization qualifies as a tax-exempt organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provisions for federal or state income taxes.

Management has performed an evaluation and concluded that there are no material unrecognized tax positions as of June 30, 2017 and 2016.

Membership Fees: Membership fees, which are based on a percentage of the affiliated agencies' annual expenditures, are recorded as income when earned. Fees that have been billed but not yet earned are shown as deferred revenue on the statement of financial position. Accounts receivable from affiliated agencies are monitored and an allowance is established where appropriate for doubtful accounts. Periodically, management reviews membership fees and records an allowance for specific members based on current circumstances and charges off the receivable against the allowance when all attempts to collect the membership fees have failed.

Contributions: Gifts of cash and other assets, including unconditional promises to give cash and other assets, are reported at fair value at the date the assets or promise are received. They are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Temporarily restricted contributions which are both received and released within the same year are recorded as an increase in temporarily restricted net assets and as a satisfaction of program restrictions. Contributions receivable are monitored and an allowance is established where appropriate for doubtful accounts. Periodically, management reviews contributions and records an allowance for specific donors based on current circumstances and charges off the receivable against the allowance when all attempts to collect the contributions have failed.

Grants to Local Agencies: The Organization awards grants to the local agencies as part of its goal of enhancing program development and field services with the local affiliates. The grants are recorded as an expense and liability when the related costs are incurred at the local agency according to the respective agreement. The grants are funded by both restricted and unrestricted contributions. The grants to local agencies are due in less than one year.

Cash and Cash Equivalents: For the purpose of the statement of cash flows, the Organization considers all money market funds and certificates of deposit with original maturities of less than ninety days to be cash equivalents.

In-Kind Contributions: The Organization recognizes contributed services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the twelve months ended June 30, 2017 and 2016, the Organization recognized revenues for contributed legal and accounting services of \$492,730 and \$284,900. An equal and offsetting expense was recognized within Support Services expense (management and general support). A substantial number of volunteers donated significant amounts of their time to assist in the Organization's program services. This time was not recognized as revenue since it did not relate to specialized skills. The fair value of the unrecognized contributed services cannot practicably be calculated.

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The Organization records the value of contributed goods when there is an objective basis available to measure their value and is reflected as revenue in the accompanying statements at their estimated values at the date of receipt. The Organization received \$1,406,734 and \$2,906,827 in 2017 and 2016, respectively, of contributed advertising time to promote its mission. In accordance with ASC 958-605 *Revenue Recognition*, these services were recognized as revenue, with an offsetting expense recognized within Program Services expenses (brand development). In 2015, the Organization entered into a new 5 year office space lease with the base lease expenses contributed by the leaseholder. Contribution revenue of \$1,103,970 for the entire lease period was recognized. Rental expense of \$216,392 and \$210,954 were recognized in 2017 and 2016, respectively, on the statement of activities with remaining contribution office space revenue in 2017 and 2016 of \$589,812 and \$806,203 being offset to contributions receivable. There were no other contributed goods during the twelve months ended June 30, 2017 and 2016.

Endowment Investments: As of June 30, 2017 and 2016 the Organization has \$281,182 and \$279,298, respectively, in endowment assets that are restricted by donors. The Organization endowment funds are invested as follows in certificates of deposit with consistent levels of return and cash:

|                         | <u>2017</u>       | <u>2016</u>       |
|-------------------------|-------------------|-------------------|
| Cash                    | \$ -              | \$ 50,000         |
| Certificates of Deposit | <u>282,182</u>    | <u>229,298</u>    |
| Total endowment assets  | <u>\$ 282,182</u> | <u>\$ 279,298</u> |

The income from endowment funds are used by donor stated purpose.

Government Funding: The Organization receives grant revenue from governmental sources. Government grant revenue is recognized as related costs are incurred. The Organization negotiates its federal indirect rate with the relevant federal agency. Indirect costs recovered on federally sponsored programs are generally based on predetermined reimbursement rate which are stated as a percentage of direct costs incurred. The Organization is subject to audit by government bodies providing grants. Retroactive adjustments are accrued on an estimated basis in the period the related services are delivered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews and investigations.

Subsequent Events: Subsequent events have been evaluated through December 18, 2017, the date that the financial statements were available to be issued.

On August 21, 2017, the Organization relocated and entered into a new 5 year commercial building lease agreement with base rental expense related to the lease contributed in kind by the current leaseholder. After one year, the organization has an expansion option under the same conditions. Per ASC 958-605, the Organization will recognize a minimum annual rent expense in the first year of \$123,569. With the execution of the expansion option, the Organization will recognize a minimum annual rent expense of \$177,727 and a minimum annual increase of approximately 3%.

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 2 - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following at June 30:

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| Time restrictions:                      |                     |                     |
| In-kind lease                           | \$ 589,812          | \$ 806,203          |
| Beneficial interest in trust            | <u>8,316</u>        | <u>8,320</u>        |
| Total time restrictions                 | <u>598,128</u>      | <u>814,523</u>      |
| Purpose restrictions:                   |                     |                     |
| Program implementation                  | 628,082             | 459,141             |
| Agency services                         | 612,379             | 471,224             |
| Child safety                            | <u>329,743</u>      | <u>277,902</u>      |
| Total purpose restrictions              | <u>1,570,204</u>    | <u>1,208,267</u>    |
| Total temporarily restricted net assets | <u>\$ 2,168,332</u> | <u>\$ 2,022,790</u> |

Permanently restricted net assets represent endowments that have donor-imposed restrictions which require the principal to remain intact, with the interest earned to be allocated between unrestricted and permanently restricted funds based on the donor stipulation.

**NOTE 3 - DESIGNATIONS OF UNRESTRICTED NET ASSETS**

Designations of unrestricted net assets have been earmarked for future allocations, grants or other uses as determined by the action of the Board.

The primary purpose of the amount "designated per the Board" is to provide scholarships to youth through the Elizabeth A. Smith "Little" Leadership Scholarship, which has been established during the 2017 fiscal year.

|                                   | <u>2017</u>      | <u>2016</u> |
|-----------------------------------|------------------|-------------|
| Board designated net assets       |                  |             |
| Designated for:                   |                  |             |
| Smith Scholarship Fund            | <u>\$ 99,000</u> | <u>\$ -</u> |
| Total Board designated net assets | <u>\$ 99,000</u> | <u>\$ -</u> |

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 4 - CONTRIBUTIONS RECEIVABLE AND GOVERNMENT GRANTS RECEIVABLE**

As of June 30, 2017 and 2016, the Organization recorded promises of funding of \$4,345,068 and \$4,681,277, respectively. The promises to give are considered fully collectible and consist of the following as of June:

|                                    | <u>2017</u>         | <u>2016</u>         |
|------------------------------------|---------------------|---------------------|
| Less than 1 year                   | \$ 4,345,068        | \$ 4,681,277        |
| 1-5 years                          | <u>-</u>            | <u>-</u>            |
|                                    | 4,345,068           | 4,681,277           |
| Less: discount                     | <u>-</u>            | <u>-</u>            |
| Total net contributions receivable | <u>\$ 4,345,068</u> | <u>\$ 4,681,277</u> |

Discounts are not applied to contributions received under one year. The total discount amount as of June 30, 2017 and June 30, 2016 for pledges received in excess of one year did not reflect a material amount of the financials.

**NOTE 5 - INVESTMENTS**

At June 30, 2017 and 2016, investments carried at fair value were Certificates of Deposit and Money Market Accounts at \$2,097,351 and \$300,020, respectively.

The total investment gain for the twelve months ended June 30, 2017 and 2016 was \$10,538 and \$3,059, respectively, which consisted of investment income and gain/loss on investments. Certificates of Deposit are recognized as Level 2 investments within the fair value hierarchy. Refer to Note 6 for fair value disclosures.

**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Organization in estimating fair value of financial instruments.

Cash and Cash Equivalents: The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these instruments.

Investments: The fair values for Certificates of Deposit are based on cash maturity values, discounted to present value. Money market accounts are record at cost which approximates fair value.

Receivables: Receivables in excess of one year are recognized at the recoverable amount, discounted to present value.

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

The carrying amounts and fair values of financial instruments at June 30, are as follows:

|                              | <u>2017</u>  | <u>2016</u>  |
|------------------------------|--------------|--------------|
| Balance Sheet Assets         |              |              |
| Cash and cash equivalents    | \$ 5,447,815 | \$ 7,488,424 |
| Investments                  | 2,097,351    | 300,020      |
| Beneficial interest in trust | 8,316        | 8,320        |
| Endowment investments        | 282,182      | 229,298      |

Fair value measurements are as follows (the carrying amounts of other financial instruments not listed in the table below approximate fair value due to the short-term nature of such items) as of:

|                              | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) | Total               |
|------------------------------|--|---|---|---------------------|
| June 30, 2017                |  |   |   |                     |
| Certificates of Deposit      | \$ -   | \$ 1,319,067  | \$ -  | \$ 1,319,067        |
| Money Market Funds           | -  | 1,060,466   | -   | 1,060,466           |
| Beneficial interest in trust | -  | -   | 8,316   | 8,316               |
|                              | <u>\$ -</u>  | <u>\$ 2,379,533</u>                                       | <u>\$ 8,316</u>   | <u>\$ 2,387,849</u> |

|                              | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) | Total             |
|------------------------------|--|---|---|-------------------|
| June 30, 2016                |  |   |   |                   |
| Certificates of Deposit      |  | \$ 510,509  | \$ -  | \$ 510,509        |
| Money Market Funds           | \$ -   | 18,809  | -   | 18,809            |
| Beneficial interest in trust | -  | -   | 8,320   | 8,320             |
|                              | <u>\$ -</u>  | <u>\$ 529,318</u>   | <u>\$ 8,320</u>   | <u>\$ 537,638</u> |

(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

The table below represents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30:

| <u>Beneficial Interest in Trusts Held with Others</u>                  | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|
| Balance at beginning of year   | \$ 8,320        | \$ 24,954       |
| Change in valuation of beneficial interest<br>in trusts held by others | (4)             | (16,634)        |
| Contributions  | -               | -               |
| Balance at end of year   | <u>\$ 8,316</u> | <u>\$ 8,320</u> |

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

|                                | <u>2017</u>      | <u>2016</u>      |
|--------------------------------|------------------|------------------|
| Furniture and equipment        | \$ 502,737       | \$ 638,597       |
| Building improvements          | <u>9,043</u>     | <u>2,007</u>     |
|                                | 511,780          | 640,604          |
| Less: Accumulated depreciation | <u>(470,609)</u> | <u>(580,456)</u> |
|                                | <u>\$ 41,171</u> | <u>\$ 60,148</u> |

**NOTE 8 - PENSION PLAN**

The Organization sponsors a defined contribution pension plan (401K) covering all full-time employees over age 20-1/2 with six months of continuous service. The Organization does not make contributions to the pension plan. Eligible employees may elect to invest up to ten percent (10%) of their compensation through payroll deductions.

The Organization maintains a non-qualified, unfunded 457f deferred compensation plan. This plan is designed for certain employees as incentive for contract completion. The plan defers receipt of portions of their compensation, thereby delaying taxation on the deferral amount and on subsequent earnings until the balance is distributed. A liability of \$30,000 was recognized during 2017.

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 9 - RELATED PARTIES**

The Foundation for Big Brothers Big Sisters of America (Foundation) is organized to support the functions of or carry out the charitable purposes of the Organization. The Foundation was incorporated under the laws of Pennsylvania as a separate nonprofit corporation and has been granted 501(c)(3) status by the Internal Revenue Service. On December 5, 2016, the Foundation Board of Directors voted to dissolve.

The Foundation made no contributions to the Organization for the year ended June 30, 2016. There were no contributions during the fiscal year ended June 30, 2017.

As of June 30, 2017 and 2016, the Organization has current receivables, net of reserves, from members of its Board of \$0 and \$250,000, respectively. The Organization recognized revenue of \$841,160 and \$1,200,081 during the twelve months ended June 30, 2017 and 2016, respectively, from its Board.

**NOTE 10 - LEASES**

On February 1, 2015 the Organization entered into a 5 year lease agreement with base rental expense related to the lease contributed in kind by the leaseholder. Per ASC 958-605, BBBSA is recognizing a minimum annual rent expense of approximately \$210,000 and minimum annual increase of approximately 3% are being recorded on the financial statements.

The Organization also leases equipment and other office space under leases which expire at various dates through 2016. For the twelve months ended June 30, 2017 and 2016, total rental expenses under these leases amounted to \$23,949 and \$21,335, respectively.

At June 30, 2017, the Organization was obligated under various non-cancellable lease arrangements including in-kind by leaseholder, for office space and equipment as follows:

|                                    |                   |
|------------------------------------|-------------------|
| 2018                               | \$ 222,548        |
| 2019                               | 230,493           |
| 2020                               | <u>136,771</u>    |
| Total future minimum lease expense | <u>\$ 589,812</u> |

**NOTE 11 - CONCENTRATION OF CREDIT RISK**

During the year, the Organization may have cash balances in banks in excess of the Federal Deposit Insurance Corporation limit. As of June 30, 2017 and 2016, the Organization has \$7,594,244 and \$7,058,154, respectively, of cash and cash equivalents and investments in excess of the Federal Deposit Insurance Corporation limit.

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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**NOTE 12 - CONTINGENCY**

Litigation: From time to time, BBBSA has been named as a defendant in civil lawsuits. In management and legal counsel's opinion, potential exposure not covered by insurance is immaterial.

Federal Grants: Grant funds received by BBBSA are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of BBBSA. In the opinion of management, disallowed costs, if any, would not be material to the financial statements of the BBBSA.

**BIG BROTHERS BIG SISTERS OF AMERICA**  
**SINGLE AUDIT REPORT**  
**June 30, 2017**

BIG BROTHERS BIG SISTERS OF AMERICA

Tampa, Florida

SINGLE AUDIT REPORT

June 30, 2017

CONTENTS

|   |   |
|---|---|
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 1 |
| Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....      | 3 |
| Schedule of Expenditures of Federal Awards .....  | 5 |
| Notes to Schedule of Expenditures of Federal Awards .....   | 6 |
| Schedule of Findings and Questioned Costs .....   | 7 |
| Summary of Prior Year Findings .....  | 9 |

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Big Brother Big Sisters of America:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Big Brothers Big Sisters of America (the Organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2017. Our report included an emphasis of a matter paragraph.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe Horwath LLP

Tampa, Florida  
December 18, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Big Brothers Big Sisters of America:

**Report on Compliance for Each Major Federal Program**

We have audited Big Brothers Big Sisters of America's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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(Continued)

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2017, and have issued our report thereon dated December 18, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

  
Crowe Horwath LLP

Tampa, Florida  
December 18, 2017

BIG BROTHERS BIG SISTERS OF AMERICA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017

| Federal Grantor/Program Title           | Federal<br>CFDA<br>Number | Grant<br>Number     | Federal<br>Expenditures | Amount<br>Provided to<br>Subrecipients |
|---|---------------------------|---------------------|-------------------------|--|
| <b>U.S. Department of Justice</b>       |                           |                     |                         |  |
| Direct Award:                           |                           |                     |                         |  |
| Juvenile Mentoring Program              | 16.726**                  | 2012-JU-FX-0008     | \$ 3,891,682            | \$ 3,669,491                           |
| Juvenile Mentoring Program              | 16.726**                  | 2011-MU-MU-0017     | 2,420,468               | 2,201,022                              |
| Juvenile Mentoring Program              | 16.726**                  | 2016-JU-FX-0010     | <u>1,172,891</u>        | <u>1,055,949</u>                       |
| <b>Total U.S. Department of Justice</b> |                           |                     | <u>7,485,041</u>        | <u>6,926,462</u>                       |
| <b>U.S. Department of Labor</b>         |                           |                     |                         |  |
| Direct Award:                           |                           |                     |                         |  |
| Reintegration of Ex-Offenders           | 17.270                    | PE-24408-13-60-A-42 | <u>765,404</u>          | <u>599,192</u>                         |
| <b>Total U.S. Department of Labor</b>   |                           |                     | <u>765,404</u>          | <u>599,192</u>                         |
| <b>Total Federal Expenditures</b>       |                           |                     | <u>\$ 8,250,445</u>     | <u>\$ 7,525,654</u>                    |

\*\* denotes major programs

See accompanying notes to the schedule.

BIG BROTHERS BIG SISTERS OF AMERICA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2017

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal awards expended by Big Brothers and Big Sisters of America (the Organization) for the year ended June 30, 2017.

For the purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between the Organization and agencies and departments of the federal government. The Organization has classified all awards into major and nonmajor programs in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Major programs include the following:

The Juvenile Mentoring Program – Includes awards to support mentoring programs for youth at risk of educational failure or those who were involved in delinquent activities.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on a cash basis of accounting.

Expenditures for federal programs are recognized as paid.

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

Expenditures for other federal awards of the Organization are determined using the cost accounting principles and procedures set forth in the Uniform Guidance. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - NONCASH AND FEDERAL INSURANCE**

The Organization did not receive any noncash assistance or have Federal insurance in effect during the fiscal year.

BIG BROTHERS BIG SISTERS OF AMERICA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2017

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ None Reported

Type of auditor's report issued on compliance for each major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

Identification of major programs:

CFDA Numbers                      Name of Federal Program or Cluster

16.726                                  The Juvenile Mentoring Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_X\_\_\_ Yes \_\_\_\_\_ No

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(Continued)

BIG BROTHERS BIG SISTERS OF AMERICA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2017

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**Section II - Financial Statement Findings**

No items noted.

**Section III – Federal Awards Findings and Questioned Costs**

No items noted.

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SUMMARY OF PRIOR YEAR FINDINGS  
June 30, 2017

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**Prior Year Findings and Questioned Costs**

**Finding 2016-001: Special Tests and Provisions – Significant Deficiency**

**Impacted Programs:**

Federal Agency: Department of Justice

Program: The Juvenile Mentoring Program

CFDA Number: 16.726

Award Number: 2012-JU-FX-0008 and 2011-MU-MU-0017

**Condition:**

Management was unable to provide a recent copy of an audited financial statements for 1 of 6 sub-recipients sampled for CFDA 16.726.

**Status of Prior Year Finding:**

This finding was remediated.