



FINANCIAL STATEMENTS
JUNE 30, 2019

Mari Huff C.P.A., P.A.
Certified Public Accountants
Stuart, Florida

**BIG BROTHERS BIG SISTERS OF PALM BEACH
AND MARTIN COUNTIES, INC.
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Mari Huff C.P.A., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
American Institute of Certified
Public Accountants

Florida Institute of Certified
Public Accountants

National Association of Certified
Valuators and Analysts

INDEPENDENT AUDITORS' REPORT

Executive Director and Board of Directors
Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc.
West Palm Beach, Florida

We have audited the accompanying financial statements of Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. (the "Organization") (a nonprofit Florida corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MARI HUFF CPA, PA

Mari Huff C.P.A., P.A.
December 10, 2019

**BIG BROTHERS BIG SISTERS OF PALM BEACH
AND MARTIN COUNTIES, INC.**

*Statement of Financial Position
As of June 30, 2019*

ASSETS:

Cash and cash equivalents	\$	32,589
Accounts receivable, net		774
Grants receivable		58,045
Prepaid expenses		941
Property and equipment, net		13,408
Security deposits		3,750
Total assets	\$	109,507

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$	7,775
Accrued compensation		9,777
Accrued payroll liabilities		461
Deferred revenues		2,500
Total liabilities		20,513

Net assets:

Without donor restrictions		88,994
Total net assets		88,994

Total liabilities and net assets	\$	109,507
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See independent auditors' report and notes to the financial statements

**BIG BROTHERS BIG SISTERS OF PALM BEACH AND
MARTIN COUNTIES, INC.**

Statement of Activities

For the Year Ended June 30, 2019

	Without Donor Restrictions
Support, revenue, and gains:	
Grant income	\$ 736,631
Special events, net	51,670
Contributions	62,502
Interest income	485
Total support, revenue, and gains	851,288
Functional expenses:	
Program services	798,313
General and administrative	74,370
Development and fundraising	14,855
Total functional expenses	887,538
Change in net assets	(36,250)
Net assets, beginning of year	125,244
Net assets, end of year	\$ 88,994

See independent auditors' report and notes to the financial statements

**BIG BROTHERS BIG SISTERS OF PALM
BEACH AND MARTIN COUNTIES, INC.**

*Statement of Functional Expenses
For the Year Ended June 30, 2019*

	Program Services	General & Administrative	Development & Fundraising	Total
Salaries	\$ 477,086	\$ 54,214	\$ 10,842	\$ 542,142
Employee benefits	23,150	2,631	526	26,307
Payroll taxes	39,048	4,438	887	44,373
Total personnel cost	539,284	61,283	12,255	612,822
Advertising	6,870	-	95	6,965
Professional fees	39,343	706	141	40,190
Auto and travel	13,097	1,488	298	14,883
Background checks	9,064	-	-	9,064
Bank charges	1,608	183	36	1,827
Board development/meetings	3,515	400	80	3,995
Contract labor	924	105	21	1,050
Dues and subscriptions	21,591	2,454	491	24,536
Equipment leasing	5,492	-	-	5,492
Grant management fees	13,004	426	85	13,516
Insurance	18,185	729	146	19,060
Interest	641	73	15	729
Meetings and seminars	153	18	4	174
Occupancy	34,948	1,247	249	36,444
Office expense	5,128	1,305	260	6,693
Postage and delivery	4,137	467	87	4,691
Program expense	50,568	-	-	50,568
Telephone and computer	25,910	2,947	592	29,449
Depreciation	4,851	539	-	5,390
Total expenses	\$ 798,313	\$ 74,370	\$ 14,855	\$ 887,538

See independent auditors' report and notes to the financial statements

**BIG BROTHERS BIG SISTERS OF PALM BEACH AND
MARTIN COUNTIES, INC.**

Statement of Cash Flows

For the Year Ended June 30, 2019

Cash flows used in operating activities:

Cash received from:

Support and revenues \$ 881,666

Investment income 485

Cash paid to employee and suppliers (902,352)

Net cash used in operating activities (20,201)

Cash flows provided by financing activities

Proceeds from line of credit 132,355

Repayment of line of credit (132,355)

Net cash provided by financing activities -

Net decrease in cash and cash equivalents (20,201)

Cash and cash equivalents, beginning of year 52,790

Cash and cash equivalents, end of year \$ 32,589

Reconciliation of Change in Net Assets to Operating Cash Flows:

Change in net assets \$ (36,250)

Depreciation 5,390

Change in:

Accounts receivable 10,126

Grants receivable 15,451

Prepaid expenses 3,646

Security deposits (3,750)

Accounts payable (9,740)

Accrued compensation (7,522)

Accrued payroll liabilities (52)

Deferred revenue 2,500

Net cash used in operating activities \$ (20,201)

See independent auditors' report and notes to the financial statements

BIG BROTHERS BIG SISTERS OF PALM BEACH AND MARTIN COUNTIES, INC.

Notes to the Financial Statements

June 30, 2019

NOTE 1: NATURE OF THE ORGANIZATION

Big Brothers Big Sisters of Palm Beach and Martin Counties Inc. (the "Organization") is one of approximately 300 affiliated agencies under the umbrella of Big Brothers Big Sisters of America. The national Organization was founded 100 years ago to combat juvenile delinquency and is the oldest and largest mentoring organization in the United States. Although there are many variations, the unifying theme is a supervised, one on one friendship between a volunteer and a child in need of a positive role model. The Organization's vision is to have a successful mentoring relationship between the sponsor and the child.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. is a fully accredited agency having met all the membership requirements of Big Brothers Big Sisters of America. The Martin County agency opened as an outreach office of Big Brother Big Sisters of Palm Beach County in January 1984. In April 1986, Big Brothers Big Sisters of Martin County, Inc. became a registered, nonprofit corporation with the state of Florida.

The local agency serves at risk children who live in Palm Beach and Martin Counties. There are three mentoring options: School based, Work based, and Community based. These options mirror models from the national organization and serve school age girls and boys ages five to high school completion. There is one significant community based blended program; career skills mentoring. This program incorporates aspects of both primary mentoring options with a business component.

- With School-based mentoring, volunteers meet with children only at designated schools or at supervised sites, such as libraries. The commitment is one school year.
- The Community-based mentoring is based upon the traditional model where volunteers transport children to and from their homes and mentoring takes place in the community rather than at specified sites.
- School to Work is a mentoring program for high school youth. Students are introduced to various business opportunities, employment skills, college preparation, and paired in a one to one relationship with a business mentor.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BIG BROTHERS BIG SISTERS OF PALM BEACH AND MARTIN COUNTIES, INC.

Notes to the Financial Statements

June 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America and are in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-205 *Not-for-Profit Entities Presentation of Financial Statements*. These financial statements are prepared on the accrual basis of accounting and reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Reclassifications

In order to conform to current period presentation, management may reclassify certain prior period financial statements amounts. These reclassifications have no known effect on these financial statements.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets that are board-designated for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature., where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has be fulfilled, or both.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains deposits at local financial institutions located in Martin and Palm Beach Counties, Florida. The Federal Deposit Insurance Corporation insures deposits up to \$250,000. At June 30, 2019 the Organization had no uninsured deposits. The Organization also keeps gift cards on hand for purposes of the Season to Share program. These gift cards are included in the cash and cash equivalents of the Organization and totaled \$4,700 as of June 30, 2019.

**BIG BROTHERS BIG SISTERS OF PALM
BEACH AND MARTIN COUNTIES, INC.**

Notes to the Financial Statements

June 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants receivable

The Organization recognizes income from reimbursement grants as of the date on which the contracted reimbursable expenses have been incurred. Any amounts not received by that date are reported as grants receivable and recognized as grant income.

Promises to give and contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions do not expire in the fiscal year in which the contributions are recognized. All other donor contributions are reported as increases in net assets without donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and equipment

The Organization capitalizes property and equipment over \$500 per item. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair values. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to five years.

Accrued compensation

The Organization records wages and related paid time off (PTO) expense as incurred. PTO for eligible employees is based on the amount earned, but not used, on each employee's anniversary date. In accordance with the Organization's policy, up to five PTO days may be carried over to the next year at the end of each anniversary date; all other days will be forfeited.

Contributed services

In order to operate various programs, the Organization relies on the donated time and services of volunteers. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of services that assist the Organization, but these services do not meet the criteria for recognition as contributed services in the financial statements. Other services that can be identified with certain amounts would be reflected in the financial statements as in-kind contributions.

**BIG BROTHERS BIG SISTERS OF PALM
BEACH AND MARTIN COUNTIES, INC.**

Notes to the Financial Statements

June 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. All others are allocated based on the relationship of time spent in each function.

Advertising

The Organization expenses advertising costs as they are incurred. Expenses for the year ended June 30, 2019 was \$6,965.

Income taxes

The Organization is a not for profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed which includes the years ended June 30, 2017, 2018, and 2019.

NOTE 3: GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2019:

BBBS St FL BISS	\$	24,258
Florida Department of Juvenile Justice (DJJ)		10,226
Children's Service Council - Martin County		12,608
Palm Beach County		10,953
Total grants receivable	\$	58,045

**BIG BROTHERS BIG SISTERS OF PALM
BEACH AND MARTIN COUNTIES, INC.**

Notes to the Financial Statements

June 30, 2019

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 consist of the following:

Furniture and fixtures	\$ 19,563
Computers and equipment	72,999
Less accumulated depreciation	(79,154)
Net property and equipment	<u>\$ 13,408</u>

For the year ended June 30, 2019, the Organization recorded depreciation expense of \$5,390.

NOTE 5: OPERATING LEASES

At June 30, 2019, the future minimum lease payments required for the following five years are:

2020	\$ 37,804
2021	35,167
2022	33,674
2023	5,628
2024	5,628
Total future minimum lease obligations	<u>\$ 117,902</u>

On February 24, 2016 the Organization entered into an annual term lease with the Children's Services Council of Martin County. The lease was automatically extended for additional one-year terms. Beginning March 1, 2019, the Organization expanded its office space and the combined rent increased to \$785 per month. Total rent paid to the Children's Service Council of Martin County for the year ended June 30, 2019 was \$9,420.

An office was leased for the West Palm Beach operations on July 28, 2011. This lease was extended until August 31, 2018. The primary lease for the West Palm Beach operation was extend an additional three years commencing September 2017 and expiring August 2020. The organization has the right to extend the term for one additional period of two years. Beginning September 1, 2019, rent increased to \$2,214 per month, and will increase again to \$2,280 per month beginning September 1, 2020. Total rent expense paid under this lease for the year ended June 30, 2019 was \$25,729.

A copier was leased from Dex Imaging on April 7, 2015 for sixty-three (63) months for a payment of \$451 per month, including applicable taxes. Total copier lease expense for the years ended June 30, 2019 was \$5,492. In November 2019, the Dex copier lease was renewed for an additional sixty-three (63) months for a payment of \$469 per month, including applicable taxes.

Phone equipment was leased from IPfone on December 19, 2017 for thirty-six (36) months. The payments are approximately \$462 per month plus additional fees. This lease expires December 2020. Total phone equipment lease expense for the years ending June 30, 2019 was \$9,084.

BIG BROTHERS BIG SISTERS OF PALM BEACH AND MARTIN COUNTIES, INC.

Notes to the Financial Statements

June 30, 2019

NOTE 6: LINES OF CREDIT

In February 2012 the Organization entered into a line of credit agreement with PNC Bank. The total available under the line is \$100,000 with a variable rate based on a .75% margin over the indexed rate published in the Money Rates section of the Wall Street Journal for the last day of the preceding calendar year. This line was extended in October 2015 and is automatically extended every year. The applicable rate as of June 30, 2019 was 6.00%. Total interest paid for the year ended June 30, 2019 was \$470.

In October 2013 the Organization entered into a ten-year revolving line of credit agreement with Seacoast National Bank. The principal amount of the line is \$75,000 with monthly payments of accrued unpaid interest due beginning November 2013. The interest rate under this agreement is variable based on percentage point over the Wall Street Journal Prime indexed rate and may change not more often than each day. The interest rate will not be less than 3.5% at any time during the term of this loan. The applicable rate as of June 30, 2019 was 5.25%. Total interest paid for the year ended June 30, 2019 was \$32.

In August 2019 the Organization entered into a line of credit agreement with Capital Bank. The total available under the line is \$200,000, the interest rate under this agreement is variable based on percentage points over the Wall Street Journal Prime indexed rate and may change not more often than each day. The interest rate will not be less than 3.5% at any time during the term of this loan. No interest was paid for the year ended June 30.

No funds were drawn on any of the lines of credit at June 30, 2019.

NOTE 7: GRANTS

Children's Services Council of Martin County

The Children's Services Council of Martin County provided a grant that supported site and community mentoring, small group programming for teens, and group activities of the agency throughout Martin County under the Start Something program. This reimbursement type grant provided support for the year ended June 30, 2019.

Big Brothers Big Sisters Association of Florida, Inc.

Big Brothers Big Sisters Association of Florida Inc. provided pass thru grants to support school based and community mentoring programs. A grant management fee of 3% is deducted from this grant by the granting organization for School-based programming (Florida Department of Education), and 8% for community mentoring Florida Department of Juvenile Justice). This grant provided support for the year ended June 30, 2019.

Palm Beach County

Palm Beach County provided a grant which provided support for the School to Work program for the year ended June 30, 2019.

BIG BROTHERS BIG SISTERS OF PALM BEACH AND MARTIN COUNTIES, INC.

Notes to the Financial Statements

June 30, 2019

NOTE 7: GRANTS (continued)

Grant income by major grantor for the year ended June 30, is as follows:

BBBS State BISS	\$	314,255
Children's Services Council		109,260
The Bachelor Foundation		40,000
Palm Beach County		50,445
Department of Justice		57,189
Other miscellaneous grants		165,482
Total grants	\$	<u>736,631</u>

NOTE 8: SPECIAL EVENTS

The Organization's special events revenue consisted of the following fundraisers for the year ended June 30, 2019:

	<u>Revenues</u>	<u>Expenses</u>	<u>(net)</u>
Santa Open Golf Tournament	\$ 27,194	\$ 12,407	\$ 14,787
Let the Good Times Roll	15,129	6,950	8,179
Bowl for Kids' Sake	6,567	186	6,381
Big Golf Tournament	300	-	300
Taste of Martin County	49,342	27,319	22,023
Totals	<u>\$ 98,532</u>	<u>\$ 46,862</u>	<u>\$ 51,670</u>

NOTE 9: IN-KIND DONATIONS AND CONTRIBUTED SERVICES

During the year, many individuals volunteered their time to mentor approximately 552 children and to perform a variety of tasks that assist the corporation to fulfill its purpose. These services are not reflected in the financial statements, as these services do not require specialized skills.

In addition, in kind donations for special events and fundraisers are received throughout the year. The amounts associated with this in-kind donation have not been included in these financial statements as the fair value of these donations has not been determined.

NOTE 10: PENSION PLAN

For the year ended June 30, 2019, the Organization offered a 403(b) plan in which employees could elect to contribute money to the plan on a tax deferred basis. The Organization did not contribute to the plan for the year ended June 30, 2019 and is discontinuing the plan in 2020.

**BIG BROTHERS BIG SISTERS OF PALM
BEACH AND MARTIN COUNTIES, INC.**

Notes to the Financial Statements

June 30, 2019

NOTE 11: ECONOMIC DEPENDENCE

The Organizations' operations are substantially dependent on the receipt of support and revenues from grants and donations. Loss of these funds or large decreases in this type of funding would have a material effect on the financial position and operations of the Organization. Significant grant revenue includes Big Brothers Big Sisters of Florida and the Children Service Council.

NOTE 12: RELATED PARTY TRANSACTIONS

The Organization is affiliated with Big Brothers Big Sisters Association of America and Big Brothers Big Sisters Association of Florida. During the year ended June 30, 2019, the following related party transactions were reported:

	<u>Grant Income</u>	<u>Dues Paid</u>	<u>Net 2019</u>
BBBS of America	<u>\$ -</u>	<u>\$ 16,107</u>	<u>\$ (16,107)</u>
BBBS of Florida	<u>\$ 314,255</u>	<u>\$ 4,391</u>	<u>\$ 309,864</u>

The Organization has members of its Board of Directors that are associated with companies that the Organization sometimes uses for information technology (I.T) services and the purchase of computers. No such related party transactions occurred for the year ended June 30, 2019.

NOTE 13: LIQUIDITY AND AVAILABILITY

The schedule below reflects the Organization financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include Board designated amounts that could be utilized if the Board approves the use. The balance represents financial assets that are liquid and available within one year:

Financial assets:	
Cash and cash equivalents	\$ 32,589
Less donor restricted cash	-
Plus line of credit	<u>375,000</u>
Total financial assets available within one year	<u>\$ 407,589</u>

**BIG BROTHERS BIG SISTERS OF PALM
BEACH AND MARTIN COUNTIES, INC.**

Notes to the Financial Statements

June 30, 2019

NOTE 14: EVALUATION OF SUBSEQUENT EVENTS

The following grants have been awarded for the year ending June 30, 2020:

Big Brothers Big Sisters of Florida	\$	315,000
Childrens Service Council (MC)		247,929
The Batchelor Foundation		40,000
Palm Beach County		46,453
Department of Juvenile Justice (DJJ)		62,500
Total	\$	<u>711,882</u>

The Organization has evaluated subsequent events through December 10, 2019, the date which the financial statements were available to be released.