

**Big Brothers Big Sisters of  
Palm Beach and Martin Counties, Inc.**

**ANNUAL FINANCIAL REPORT**

**June 30, 2021**

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Palm Beach and Martin Counties, Inc.**

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# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## REPORT OF INDEPENDENT AUDITORS

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

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

We have audited the accompanying statement of financial position of Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. (the "Organization"), a nonprofit organization, as of June 30, 2021 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fort Pierce / Stuart



Berger, Toombs, Elam,  
Gaines & Frank  
Certified Public Accountants PL

To the Board of Directors  
Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc.

***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, 2021 and its activities, cash flows and functional expenses for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 27, 2022

**Big Brothers Big Sisters of  
Palm Beach and Martin Counties, Inc  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021**

ASSETS

Current assets

Cash and cash equivalents	\$ 202,354
Grants receivable	82,133
Prepaid expenses	5,867
Total Current Assets	290,354

Fixed assets

Computer equipment	19,563
Office equipment	78,178
Less accumulated depreciation	(91,599)
Fixed Assets, Net	6,142

Total Assets	\$ 296,496
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LIABILITIES & NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 16,470
Accrued compensated absences	14,794
Line of credit payable	4,000
PPP loan payable	17,233
Total Liabilities	52,497

Net assets

Without donor restrictions	243,999
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Total Liabilities and Net Assets	\$ 296,496
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*The accompanying notes are an integral part of these financial statements.*

**Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

	Without Donor Restrictions
Revenues and Support	
Support	
Grants	\$ 819,448
Contributions	73,376
Total Support	892,824
Revenues	
Fundraising, net of expenses (\$32,722)	1,892
Forgiveness of PPP loan	93,767
Interest	96
Total Revenues	95,755
Total Revenues and Support	988,579
Expenses	
Program Services	
Program services	856,548
Supporting Services	
General and administrative	77,005
Fundraising	15,283
Total Supporting Services	92,288
Total Expenses	948,836
Change in Net Assets	39,743
Net Assets - July 1, 2020	204,256
Net Assets - June 30, 2021	\$ 243,999

*The accompanying notes are an integral part of these financial statements.*

**Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc.**  
**STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2021**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 39,743
Adjustments to reconcile net income to net cash used by operating activities:	
Depreciation	6,959
Forgiveness of PPP Loan	(93,767)
Changes in current assets and current liabilities	
Grants receivable	24,049
Prepaid expenses	(5,365)
Accounts payable and accrued expenses	5,356
Accrued compensated absences	4,499
Line of credit	4,000
<b>Net cash used by operating activities</b>	<b>(14,526)</b>
Net decrease in cash	(14,526)
Cash and cash equivalents, July 1, 2020	216,880
Cash and cash equivalents, June 30, 2021	<b>\$ 202,354</b>

*The accompanying notes are an integral part of these financial statements.*

**Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2021**

	Program Services	Supporting Services			
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Personnel costs	\$ 557,083	\$ 63,305	\$ 12,661	\$ 75,966	\$ 633,049
Program expenses	69,220	-	-	-	69,220
Professional fees	46,918	718	239	957	47,875
Occupancy	39,599	1,444	206	1,650	41,249
Telephone and communication	33,149	3,767	753	4,520	37,669
Dues and subscriptions	28,069	3,190	638	3,828	31,897
Insurance	16,173	590	84	674	16,847
Grant management fees	14,105	514	74	588	14,693
Travel	11,533	1,311	262	1,573	13,106
Background checks	10,370	-	-	-	10,370
Advertising	9,479	-	144	144	9,623
Depreciation	6,263	696	-	696	6,959
Equipment rental	5,188	-	-	-	5,188
Bank Fees	3,233	368	74	442	3,675
Supplies	2,810	721	72	793	3,603
Professional development	1,452	165	33	198	1,650
Postage	1,165	132	26	158	1,323
Interest expense	528	60	12	72	600
Contract labor	211	24	5	29	240
	<u>\$ 856,548</u>	<u>\$ 77,005</u>	<u>\$ 15,283</u>	<u>\$ 92,288</u>	<u>\$ 948,836</u>
Total Expenses	<u>\$ 856,548</u>	<u>\$ 77,005</u>	<u>\$ 15,283</u>	<u>\$ 92,288</u>	<u>\$ 948,836</u>

*The accompanying notes are an integral part of these financial statements.*



**Big Brothers Big Sisters  
of Palm Beach and Martin Counties, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. (the “Organization”) is a nonprofit corporation organized in Florida. The Organization is affiliated with Big Brothers Big Sisters of America, which is the oldest and largest child mentoring organization in the United States. The Organization uses supervised, one on one friendships between a volunteer and a child in need of a positive role model to accomplish a successful mentoring relationship.

Basis of Presentation

Under the FASB Accounting Standards Codification (ASC), the Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets with donor restrictions or net assets without donor restrictions) based upon the existence or absence of donor-imposed restrictions.

As required by the Reserve Recognition Topic of the FASB ASC, the Organization accounts for contributions received as donor restricted or without donor restrictions support, depending on the existence and/or nature of any donor restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in net assets with donor restrictions or 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.

Fixed Assets

Equipment is recorded at cost or at estimated fair value at the time of donation. Such donations are reported as unrestricted support 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 support. 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 as instructed by the donor. Equipment is depreciated using the straight-line method, over lives of three to five years. All assets purchased for greater than \$500 are capitalized.

**Big Brothers Big Sisters  
of Palm Beach and Martin Counties, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Functional Allocation of Expenses

The costs of the various activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between Program Services and Supporting Services benefited.

**Big Brothers Big Sisters  
of Palm Beach and Martin Counties, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Tax Exempt Status

The Organization is exempt from Federal income taxes, under the provisions of the Internal Revenue Code 501(c)(3) and is not considered a private foundation. The tax periods open to examination in which the Organization is subject include the fiscal years ended June 30, 2018, 2019 and 2020. No uncertain tax positions within the scope of ASC 740 Accounting for Uncertainty in Income Taxes, existed as of June 30, 2021.

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 and disclosures. Actual results could differ from those estimates.

Advertising costs

The Organization charges advertising to expense the first time the advertising takes place. For the year ended June 30, 2021 the Organization expensed \$9,623 in advertising costs.

Fair Market Measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximized the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves), and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

**Big Brothers Big Sisters  
of Palm Beach and Martin Counties, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donated Materials, Services, and Rent

Donated property, materials, equipment, and rent are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated professional services are recorded at the estimated fair market as both support and expense in the period that the services were performed if they meet the criteria of *FASB ASC 958-605* and subsections. The Organization does not recognize any support, revenues or expenses contributed by volunteers as management has determined there is no practical way to estimate their values. No amounts have been reflected in the financial statements for donated services which do not require specialized skills.

**NOTE B – CASH**

Cash as reported on the Statement of Financial Position, includes the following:

Checking	\$ 192,247
Money markets	7,611
Total	\$ 199,858

Cash and cash equivalents are held in various financial institutions. At June 30, 2021, the Organization had \$192,247 on deposit in banks, which was fully insured by the Federal Deposit Insurance Corporation. At June 30, 2021, the Organization had money market accounts insured by the SIPC totaling \$7,611. The money market accounts are SIPC insured up to \$250,000 for cash and \$500,000 per customer and the protection provided is only if the brokerage firm ceases doing business and not against losses from fluctuation in the value of the securities. 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 \$2,400 as of June 30, 2021.

**NOTE C – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Cash and equivalents	\$ 202,354
Receivables	82,133
Total financial assets available for general expenditure	\$ 284,487

**Big Brothers Big Sisters  
of Palm Beach and Martin Counties, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**NOTE D – RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCY**

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. is economically dependent upon two of their contributors as their total contributions make up 48% of total revenue. During the fiscal year ended June 30, 2021, Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. received grants totaling \$267,914 and \$224,050 from the two organizations. Grant receivables from these organizations totaled \$76,155 (93% of total receivables). One of the two contributors is also deemed a related party as Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. is affiliated with the organization. Dues paid to the organization during the fiscal year ended June 30, 2021 were \$4,256. Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. is also affiliated with Big Brother Big Sisters of America in which \$24,601 in dues was paid for the fiscal year ended June 30, 2021.

**NOTE E – CHANGES IN FIXED ASSETS**

A summary of changes in Fixed Assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Computer equipment	\$ 78,178	\$ -	\$ -	\$ 78,178
Furniture and fixtures	19,563	-	-	19,563
Accumulated depreciation	(84,640)	(6,959)	-	(91,599)
Fixed Assets, Net	<u>\$ 13,101</u>	<u>\$ (6,959)</u>	<u>\$ -</u>	<u>\$ 6,142</u>

**NOTE F – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of financial instruments.

*Cash, investments and accounts receivable* – The carrying amount reported in the balance sheet for cash and accounts receivable approximates fair value.

**Big Brothers Big Sisters  
of Palm Beach and Martin Counties, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**NOTE G – LOANS PAYABLE**

On May 6, 2020, the Organization was granted a loan in the aggregate amount of \$111,000, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. In June 2021, the loan was partially forgiven by the Small Business Administration in the amount of \$93,767.

The Loan, which was in the form of a Note matures on May 6, 2022 and bears interest at a rate of 1.00% per annum. Payments are due monthly beginning July 2021 until maturity. The annual requirement to amortize the principal and interest of the note outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	<u>\$ 17,233</u>	<u>\$ 87</u>	<u>\$ 17,320</u>

**NOTE H – LINE OF CREDIT**

In February 2012, the Organization entered into a line of credit agreement with PNC Bank. The total available is \$100,000 with a variable interest rate. The line of credit was extended in October 2015 and is automatically extended every year.

In October 2013, the Organization entered into a ten-year revolving line of credit agreement with Seacoast National Bank. The total available is \$75,000 with a variable interest rate that will not be below 3.50%.

In August 2019, the Organization entered into a line of credit agreement with First Horizon Bank to be drawn upon as needed, in the amount of \$200,000, at a variable interest rate that will not be below 3.5%. Draws made on the line of credit totaled \$4,000 with a remaining balance to be drawn of \$196,000.

**Big Brothers Big Sisters  
of Palm Beach and Martin Counties, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

**NOTE I – OPERATING LEASE**

In November 2019, the Organization entered into a 63-month operating lease for two copiers. The lease calls for monthly payments of \$394.

The minimum future lease payments for office equipment are as follows:

<b>Year Ending September 30,</b>	<b>Future Minimum Lease Payments</b>
2022	\$ 4,728
2023	4,728
2024	4,728
2025	3,152
Total	\$ 17,336

In July 2011, the Organization entered into a business lease agreement for office space for their West Palm Beach operations expiring August 2022. Beginning September 1, 2019, rent was \$2,214 per month and increased to \$2,280 per month beginning September 1, 2020. Rent will increase one additional time to \$2,349 per month beginning September 1, 2021 until expiration. The future minimum lease payments are as follows:

<b>Year Ending September 30,</b>	<b>Future Minimum Lease Payments</b>
2022	\$ 28,046
2023	4,697
Total	\$ 32,743

In February 2016, the Organization entered into an annual term lease for office space for their Stuart operations expiring December 2021. The future minimum lease payments are as follows:

<b>Year Ending September 30,</b>	<b>Future Minimum Lease Payments</b>
2022	\$ 5,248

**NOTE J – DATE OF MANAGEMENT REVIEW**

In preparing the financial statements, Management has evaluated events and transactions for potential recognition or disclosure through April 27, 2022, the date that the financial statements were available to be issued.