

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

ANNUAL FINANCIAL REPORT

June 30, 2022

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Report of Independent Auditors

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

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. (the "Organization"), (a non-profit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to financial statements.

In our opinion, the accompanying financial statements 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, 2022, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Fort Pierce / Stuart

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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

November 28, 2022

**Big Brothers Big Sisters of
Palm Beach and Martin Counties, Inc
STATEMENT OF FINANCIAL POSITION
June 30, 2022**

ASSETS

Current assets	
Cash and cash equivalents	\$ 380,185
Investments	8,435
Grants receivable	49,359
Prepaid expenses	2,431
Total Current Assets	440,410
Fixed assets	
Computer and equipment	78,178
Furniture and fixtures	19,563
Less accumulated depreciation	(93,139)
Fixed Assets, Net	4,602
Total Assets	\$ 445,012

LIABILITIES & NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	32,426
Accrued compensated absences	34,288
Total Liabilities	66,714
Net assets	
Without donor restrictions	378,298
Total Liabilities and Net Assets	\$ 445,012

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, 2022

	Without Donor Restrictions
Revenues and Support	
Support	
Grants	\$ 936,793
Contributions	189,637
Total Support	1,126,430
Revenues	
Fundraising, net of expenses (\$47,742)	56,489
Interest	172
Total Revenues	56,661
Total Revenues and Support	1,183,091
Expenses	
Program Services	
Program services	941,894
Supporting Services	
General and administrative	87,714
Fundraising	17,496
Total Supporting Services	105,210
Total Expenses	1,047,104
Loss on investments	1,688
Change in Net Assets	134,299
Net Assets - July 1, 2021	243,999
Net Assets - June 30, 2022	\$ 378,298

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
For the Year Ended June 30, 2022

Change in Net Assets	\$ 134,299
Cash Flows from Operating Activities	
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	1,540
Change in line of credit	(4,000)
Forgiveness of PPP Loan	(17,233)
Loss on investments	1,688
Changes in current assets and current liabilities:	
Grants receivable	32,774
Prepaid expenses	3,436
Accounts payable and accrued expenses	15,956
Accrued compensated absences	19,494
	187,954
Net cash provided by operating activities	187,954
Cash Flows from Investing Activities	
Purchase of investments	(10,123)
	(10,123)
Net increase in cash	177,831
Cash and cash equivalents, July 1, 2021	202,354
Cash and cash equivalents, June 30, 2022	\$ 380,185

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, 2022

	Program Services	Supporting Services			
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Personnel costs	\$ 638,278	\$ 72,532	\$ 14,506	\$ 87,038	\$ 725,316
Program expenses	49,298	-	-	-	49,298
Dues and subscriptions	38,607	4,387	877	5,264	43,871
Professional fees	42,056	644	215	859	42,915
Occupancy	41,144	1,500	214	1,714	42,858
Telephone and communication	35,817	4,070	814	4,884	40,701
Background checks	22,083	-	-	-	22,083
Insurance	20,987	765	109	874	21,861
Grant management fees	14,088	514	73	587	14,675
Advertising	11,079	-	169	169	11,248
Travel	7,273	826	165	991	8,264
Supplies	4,260	1,093	109	1,202	5,462
Professional development	4,749	540	108	648	5,397
Equipment rental	4,740	-	-	-	4,740
Bank fees	3,050	347	69	416	3,466
Postage	1,546	176	35	211	1,757
Depreciation	1,386	154	-	154	1,540
Interest expense	1,207	138	27	165	1,372
Contract labor	246	28	6	34	280
	<u>246</u>	<u>28</u>	<u>6</u>	<u>34</u>	<u>280</u>
Total Expenses	<u>\$ 941,894</u>	<u>\$ 87,714</u>	<u>\$ 17,496</u>	<u>\$ 105,210</u>	<u>\$ 1,047,104</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, 2022**

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, 2022**

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, 2022**

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, 2019, 2020 and 2021. No uncertain tax positions within the scope of ASC 740 Accounting for Uncertainty in Income Taxes, existed as of June 30, 2022.

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, 2022 the Organization expensed \$11,248 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, 2022**

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	\$ 369,537
Money markets	7,432
Total	\$ 376,969

Cash and cash equivalents are held in various financial institutions. At June 30, 2022, the Organization had \$394,790 on deposit in banks, of which \$140,907 was uninsured by the Federal Deposit Insurance Corporation. At June 30, 2022, the Organization had money market accounts insured by the SIPC totaling \$7,432. 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 \$3,125 as of June 30, 2022.

NOTE C – INVESTMENTS

Investments consist of corporate stocks. Investments are presented in the financial statements at market value. Investments are composed of the following:

Fidelity Government Money Market	\$ 94
Equity Shares S&P 500	8,341
Total	\$ 8,435

The Organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe, in the marketplace, the inputs to the Organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the June 30, 2022. Level 2 is for investments measured at net asset value that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable and is used in situations for which there is little, if any, market activity for the investment.

The Organization's investments at June 30, 2022 as noted above were all level 1 investments.

**Big Brothers Big Sisters
of Palm Beach and Martin Counties, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

NOTE D – 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, 2022 are:

Cash and equivalents	\$ 380,185
Investments	8,435
Receivables	<u>49,359</u>
Total financial assets available for general expenditure	<u>\$ 437,979</u>

NOTE E – 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 42% of total revenue. During the fiscal year ended June 30, 2022, Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. received grants totaling \$255,349 and \$257,094 from the two organizations. Grant receivables from these organizations totaled \$39,293 (80% 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, 2022 were \$3,258. Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. is also affiliated with Big Brother Big Sisters of America in which \$19,469 in dues was paid for the fiscal year ended June 30, 2022.

NOTE F – CHANGES IN FIXED ASSETS

A summary of changes in Fixed Assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Computers and equipment	\$ 78,178	\$ -	\$ -	\$ 78,178
Furniture and fixtures	19,563	-	-	19,563
Accumulated depreciation	<u>(91,599)</u>	<u>(1,540)</u>	-	<u>(93,139)</u>
Fixed Assets, Net	<u>\$ 6,142</u>	<u>\$ (1,540)</u>	<u>\$ -</u>	<u>\$ 4,602</u>

NOTE G – 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, 2022**

NOTE H – 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 remaining balance, \$17,233 was paid off during the year.

NOTE I – 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 have been repaid leaving the full amount available to be drawn on.

NOTE J – 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:

Year Ending September 30,	Future Minimum Lease Payments
2023	\$ 4,728
2024	4,728
2025	3,152
Total	\$ 12,608

**Big Brothers Big Sisters
of Palm Beach and Martin Counties, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

NOTE J – OPERATING LEASE (Continued)

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. In July 2022, the Organization entered into a business lease agreement for office space for their West Palm Beach operations expiring August 2025. Beginning September 1, 2022, rent was \$2,400 per month and increased to \$2,472 per month beginning September 1, 2022. Rent will increase one additional time to \$2,546 per month beginning September 1, 2024, until expiration. The future minimum lease payments are as follows

Year Ending June 30,	Future Minimum Lease Payments
2023	\$ 28,968
2024	29,520
2025	29,506
2026	4,912
Total	\$ 92,906

In February 2022, the Organization entered into an annual term lease for office space for their Stuart operations expiring December 2022. The future minimum lease payments are as follows:

Year Ending June 30,	Future Minimum Lease Payments
2023	\$ 5,248

NOTE K – DATE OF MANAGEMENT REVIEW

In preparing the financial statements, Management has evaluated events and transactions for potential recognition or disclosure through November 28, 2022, the date that the financial statements were available to be issued.