BIG BROTHERS BIG SISTERS OF AMERICA

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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CONTENTS

Crowe Horwath LLP
Independent Member Crowe Horwath International

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, 2016 and 2015, 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.

(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, 2016 and 2015, and the changes in its net assets 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 October 6, 2016 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

Crowe Horwath LLP

Tampa, Florida
October 6, 2016

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 7,488,424	$ 8,212,927
Accounts receivable from affiliated agencies (net of allowance for doubtful accounts of $75,000 and $75,000, respectively)	354,581	421,988
Contributions receivable (Note 4)	4,681,277	3,044,399
Prepaid expenses and other assets	154,676	67,975
Property and equipment (Note 7)	60,148	89,169
Investments (Note 5)	299,005	17,792
Beneficial interest in trust	8,320	24,954
Endowment investments	230,313	230,731
Total assets	$ 13,276,744	$ 12,109,935
LIABILITIES AND NET ASSETS		
Notes payable	$ -	$ 365,000
Grants payable to local agencies	5,389,827	2,672,863
Deferred revenue	944,627	917,720
Grant reserve (Note 2)	-	1,297,475
Accounts payable and accrued expenses	1,581,842	1,521,244
Total liabilities	7,916,296	6,774,302
Net assets (Note 3)		
Unrestricted	3,057,928	1,225,690
Temporarily restricted	2,022,790	3,880,213
Permanently restricted	279,730	229,730
Total net assets	5,360,448	5,335,633
Total liabilities and net assets	$ 13,276,744	$ 12,109,935

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENT OF ACTIVITIES
Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Public support				
Contributions and grants	$15,023,955	$ 2,493,924	$ -	$17,517,879
Government funding	2,069,935	-	-	2,069,935
	17,093,890	2,493,924	-	19,587,814
Revenues				
Memberships	3,610,024	-	-	3,610,024
Investment income	4,152	-	230	4,382
Other income	197,018	-	-	197,018
	3,811,194	-	230	3,811,424
Net assets released from restrictions				
Satisfaction of program restrictions	3,004,656	(3,004,656)	-	-
Total public support and revenues	23,909,740	(510,732)	230	23,399,238
Expenses				
Program services				
Program development	4,392,639	-	-	4,392,639
Agency development	5,453,253	-	-	5,453,253
Brand development	7,490,463	-	-	7,490,463
	17,336,355	-	-	17,336,355
Support services				
Management and general	1,997,807	-	-	1,997,807
Fundraising	939,138	-	-	939,138
Total supporting services	2,936,945	-	-	2,936,945
Total expenses	20,273,300	-	-	20,273,300
Change in net assets	3,636,440	(510,732)	230	3,125,938
Net assets, beginning of year	(2,410,750)	4,390,945	229,500	2,209,695
Net assets, end of year	$ 1,225,690	$ 3,880,213	$ 229,730	$ 5,335,633

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENTS OF CASH FLOWS
Year ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	$ 24,815	$ 3,125,938
Adjustments to reconcile change in net asset to net cash provided by (used in) operating activities:		
Depreciation	31,028	147,886
Bad debt expense	35,316	(107,642)
Net loss on disposal of assets	-	384,631
Net realized loss on investment	16,113	4,595
Decrease (increase) in assets:		
Accounts receivable	32,091	966,388
Contributions receivable	(1,636,878)	274,191
Prepaid expenses and other assets	(86,701)	26,045
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,236,877)	40,512
Grants payable to local agencies	2,716,964	(912,307)
Deferred revenue	26,907	(960,695)
Net cash provided by (used in) operating activities	(77,222)	2,989,542
Cash flows from investing activities		
Purchases of equipment	(2,007)	(36,110)
Purchase of investments	(280,274)	(26,185)
Proceeds from sale of investments	-	284,135
Net cash provided by (used in) investing activities	(282,281)	221,840
Cash flows from financing activities		
Repayment on credit line payable	-	(1,000,000)
Borrowing on long term payable	(365,000)	(10,000)
Net cash used in financing activities	(365,000)	(1,010,000)
Net increase (decrease) in cash and cash equivalents	(724,503)	2,201,382
Cash and cash equivalents		
Beginning of the year	8,212,927	6,011,545
End of the year	$ 7,488,424	$ 8,212,927

See accompanying notes to financial statements.

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

	Program Development	Agency Development	Brand Development	Total Program Services	Supporting Management & General	Services Fund Raising	Total Support Services	Total
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
	$ 6,307,888	$ 7,588,068	$ 3,473,483	$ 17,369,439	$ 1,755,655	$ 1,129,114	$ 2,884,769	$ 20,254,208

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2015

	Program Development	Agency Development	Brand Development	Total Program Services	Supporting Management & General	Services Fund Raising	Total Support Services	Total
Salaries and wages	$ 714,094	$ 1,253,432	$ 346,629	$ 2,314,155	$ 299,023	$ 372,019	$ 671,042	$ 2,985,197
Payroll taxes	52,164	91,563	25,321	169,048	21,844	27,176	49,020	218,068
Insurance benefits	33,407	58,638	16,216	108,261	13,989	17,404	31,393	139,654
Grants to local agencies	2,716,679	2,716,679	-	5,433,358	-	-	-	5,433,358
Professional services	452,075	525,581	6,904,293	7,881,949	1,374,518	108,018	1,482,536	9,364,485
Telephone, postage and shipping	35,297	61,956	17,133	114,386	14,780	18,388	33,168	147,554
Occupancy and maintenance	85,183	149,519	41,349	276,051	35,670	44,377	80,047	356,098
Printing, publications and promotions	7,156	12,561	3,474	23,191	2,997	3,728	6,725	29,916
Conferences, travel and events	16,499	91,699	93	108,291	117,702	202,116	319,818	428,109
Insurance	41,959	73,650	20,367	135,976	17,570	21,859	39,429	175,405
Information technology	52,068	91,393	25,274	168,735	21,803	27,125	48,928	217,663
Depreciation	35,376	62,094	17,172	114,642	14,814	18,430	33,244	147,886
Other	150,682	264,488	73,142	488,312	63,097	78,498	141,595	629,907
	$ 4,392,639	$ 5,453,253	$ 7,490,463	$ 17,336,355	$ 1,997,807	$ 939,138	$ 2,936,945	$ 20,273,300

See accompanying notes to financial statements.

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.

(Continued)

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, 2016 and 2015.

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, 2016 and 2015, the Organization recognized revenues for contributed legal services of $284,900 and $456,400. 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.

(Continued)

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 $2,906,827 and $6,829,622 in 2016 and 2015, 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 $210,954 and $86,813 were recognized in 2016 and 2015, respectively, on the statement of activities with remaining contribution office space revenue in 2016 and 2015 of $806,203 and $1,017,158 being offset to contributions receivable. The Organization recognized revenue for donated furnishings of $57,862 in fiscal year ended June 30, 2015. Equal and offsetting capital assets were recorded for the donated furnishing. Depreciation expense will be recognized annually based on the Organization's depreciation policies. There were no other contributed goods during the twelve months ended June 30, 2016 and 2015.

Endowment Investments: As of June 30, 2016 and 2015 the Organization has $280,313 and $230,731, 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:

	2016	2015
Cash	$ 50,000	$ -
Certificates of Deposit	230,313	230,731
Total endowment assets	$ 280,313	$ 230,731

The income from endowment funds are used to fund awards given to local agencies at the Organization's annual national conference.

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. Refer to Note 2 for accrued grant estimate.

Subsequent Events: Subsequent events have been evaluated through October 6, 2016, the date that the financial statements were available to be issued.

NOTE 2 - ACCRUED GRANT ESTIMATE

In March 2015, management recorded an accrued grant estimate of $1,297,475 for potential resolution of an on-going OIG Audit of federal grants awarded to BBBSA in fiscal years 2009 - 2011. On January 21, 2016, BBBSA and the Department of Justice entered into a Settlement Agreement, and the OIG Audit was subsequently closed. Based on the closure of the OIG Audit and the Settlement Agreement, there is no longer a need for the accrued grant estimate.

(Continued)

NOTE 3 - RESTRICTIONS ON NET ASSETS

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

	2016	2015
Time restrictions:		
In-kind lease	$ 806,203	$ 1,017,158
Beneficial interest in trust	8,320	24,954
Total time restrictions	814,523	1,042,112
Purpose restrictions:		
Program develop	459,141	1,135,241
Agency development	471,224	1,220,384
Branding development	277,902	482,476
Total purpose restrictions	1,208,267	2,838,101
Total temporarily restricted net assets	$ 2,022,790	$ 3,880,213

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 4 - CONTRIBUTIONS RECEIVABLE AND GOVERNMENT GRANTS RECEIVABLE

As of June 30, 2016 and 2015, the Organization recorded promises of funding of $4,681,277 and $3,084,114, respectively. The promises to give are considered fully collectible and consist of the following as of June:

	2016	2015
Less than 1 year	$ 4,681,277	$ 2,032,023
1-5 years	-	1,052,091
	4,681,277	3,084,114
Less: discount	-	(39,715)
Total net contributions receivable	$ 4,681,277	$ 3,044,399

Discounts are not applied to contributions received over one year. The total discount amount as of June 30, 2016 and June 30, 2015 for pledges received in excess of one year did not reflect a material amount of the financials.

NOTE 5 - INVESTMENTS

At June 30, 2016 and 2015, investments carried at fair value were Certificates of Deposit and Money Market Accounts at $299,005 and $17,792, respectively.

The total investment gain for the twelve months ended June 30, 2016 and 2015 was $3,059 and $4,382, 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.

(Continued)

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.

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

	2016	2015
Balance Sheet Assets		
Cash and cash equivalents	$ 7,488,424	$ 8,212,927
Investments	299,005	17,792
Beneficial interest in trust	8,320	24,954
Endowment investments	230,313	230,731

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:

June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Certificates of Deposit	$ -	$ 511,524	$ -	$ 511,524
Money Market Funds	-	17,794	-	17,794
Beneficial interest in trust	-	-	8,320	8,320
	$ -	$ 529,318	$ 8,320	$ 537,638

June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Money Market Funds	$ -	$ 248,523	$ -	$ 248,523
Beneficial interest in trust	-	-	24,954	24,954
	$ -	$ 248,523	$ 24,954	$ 273,477

(Continued)

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:

Beneficial Interest in Trusts Held with Others	2016	2015
Balance at beginning of year	$ 24,954	$ -
Change in valuation of beneficial interest in trusts held by others	(16,634)	-
Contributions	-	24,954
Balance at end of year	$ 8,320	$ 24,954

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2016	2015
Furniture and equipment	$ 638,597	$ 638,597
Building improvements	2,007	-
	640,604	638,597
Less: Accumulated depreciation	(580,456)	(549,428)
	$ 60,148	$ 89,169

NOTE 8 - NOTES PAYABLE

Promissory Note – Lone Star

The Organization entered into a $375,000 promissory note on October 1, 2013 to extend payment on the terms of a previously negotiated option to purchase a portion of the building in Irving, Texas where BBBSA was previously located. The promissory note bears interest at the lesser of The Wall Street Journal prime rate or the maximum legal rate permitted. As of June 30, 2015 the promissory note totaled $365,000. During fiscal year end June 30, 2016 a settlement agreement was entered into and the promissory note was paid in full. For further information see Footnote 12 – Termination Costs.

NOTE 9 - PENSION PLAN

The Organization sponsors a defined contribution pension plan 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.

NOTE 10 - 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.

The Foundation contributed $2,122,513 to the Organization for the year ended June 30, 2015. There were no contributions during the fiscal year ended June 30, 3016.

As of June 30, 2016 and 2015, the Organization has current receivables, net of reserves, from members of its Board of $250,000 and $215,000, respectively. The Organization recognized revenue of $1,200,081 and $322,438 during the twelve months ended June 30, 2016 and 2015, respectively, from its Board.

NOTE 11 - 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, 2016 and 2015, total rental expenses under these leases amounted to $21,335 and $262,960, respectively.

At June 30, 2016, the Organization was obligated under various non-cancellable lease arrangements including in-kind by leaseholder, for office space and equipment as follows:

2017	$ 216,392
2018	222,548
2019	230,493
2020	136,770
Total future minimum lease expense	$ 806,203

NOTE 12 - TERMINATION COSTS

As stated in Note 1, on January 7, 2015, BBBSA relocated its national headquarters from Irving, Texas to Tampa, Florida. Operations were fully in effect in Tampa by March 2015 and BBBSA ceased using the Irving office space in June 2015. Subsequent to year end a lease termination agreement was reached related to the Irving office space. The settlement agreement required BBBSA to pay $365,000 on a promissory note related to a purchase option on a portion of the building it leased. The cost related to the extinguishment of the debt and the write-off of the purchase option is included in Other Expenses on the Statement of Functional Expenses. Additionally, the settlement agreement requires BBBSA to make the monthly July – December 2015 rental payments in accordance with the original lease agreement, which total $101,037 as an additional termination cost. The accrual of the rental costs is included in Professional Services on the Statement of Functional Expenses.

(Continued)

NOTE 12 - TERMINATION COSTS (Continued)

Reconciliation of Termination Costs Liabilities:

	Purchase Option Promissory Note	Accrued Rent	Total
Beginning balance at July 1, 2015	$ 375,000	$ -	$ 375,000
Termination Cost - Rent	-	101,037	101,037
Credit for reconicilation	(10,000)	-	(10,000)
Balance at June 30, 2015	365,000	101,037	466,037
Settlement Payment	(365,000)	-	(365,000)
Monthly rent payments	-	(101,037)	(101,037)
Ending balance at June 30, 2016	$ -	$ -	$ -

NOTE 13 - 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, 2016 and 2015, the Organization has $7,058,154 and $7,495,894, respectively, of cash and cash equivalents and investments in excess of the Federal Deposit Insurance Corporation limit.

NOTE 14 - 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, 2016

BIG BROTHERS BIG SISTERS OF AMERICA
Tampa, Florida

SINGLE AUDIT REPORT
June 30, 2016

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 *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 ("BBBSA") which comprise the statement of financial position as of June 30, 2016, 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 October 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BBBSA'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 BBBSA's internal control. Accordingly, we do not express an opinion on the effectiveness of BBBSA'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 BBBSA'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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BBBSA'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 BBBSA'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

Crowe Horwath LLP

Tampa, Florida
October 6, 2016

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 ("BBBSA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BBBSA's major federal programs for the year ended June 30, 2016. BBBSA'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of BBBSA'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 BBBSA'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 BBBSA's compliance.

Opinion on Each Major Federal Program

In our opinion, BBBSA 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, 2016.

(Continued)

Report on Internal Control Over Compliance

Management of BBBSA 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 BBBSA'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 BBBSA'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a significant deficiency.

BBBSA's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and management's corrective action plan. BBBSA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

(Continued)

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

We have audited the financial statements of BBBSA as of and for the year ended June 30, 2016, and have issued our report thereon dated October 6, 2016, 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

Crowe Horwath LLP

Tampa, Florida
October 6, 2016

BIG BROTHERS BIG SISTERS OF AMERICA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Justice				
Direct Award:				
The Juvenille Mentoring Program	16.726	2012-JU-FX-0008	$ 351,324	$ 266,747
The Juvenille Mentoring Program	16.726	2011-MU-MU-0017	215,255	138,565
Total U.S. Department of Justice			566,579	405,312
U.S. Department of Labor				
Direct Award:				
Reintegration of Ex-Offenders	17.270**	PE-24408-13-60-A-42	1,224,819	949,095
Total U.S. Department of Labor			1,224,819	949,095
Total Federal Expenditures			$ 1,791,398	$ 1,354,407

** denotes major programs

See accompanying notes to the schedule.

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 (BBBSA) for the year ended June 30, 2016.

For the purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between BBBSA and agencies and departments of the federal government. BBBSA 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:

> Reintegration of Ex-Offenders – Includes awards to provide financial assistance in providing training to youth and young adults (ex-offenders) who may need additional assistance and to improve communities with higher crime and poverty rates.

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.

Expenditures for other federal awards of BBBSA 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 - MAJOR PROGRAMS

In accordance with the Uniform Guidance, major programs for BBBSA are individual programs or a cluster of programs determined by using a risk-based analysis. The threshold for distinguishing Type A and Type B programs was $750,000 and $187,500, respectively.

NOTE 4 - NONCASH AND FEDERAL INSURANCE

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

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?	X Yes	______ None Reported
Type of auditor's report issued on compliance for major federal programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X Yes	______ No

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
17.270	Reintegration of Ex-Offenders

Dollar threshold used to distinguish between Type A and Type B programs:		$750,000
Auditee qualified as low-risk auditee?	______ Yes	X No

(Continued)

Section II - Financial Statement Findings

No items noted.

Section III – Federal Awards Findings and Questioned Costs

Finding 2016-001: Sub-recipient Monitoring – Significant Deficiency

Impacted Programs:
Federal Agency: Department of Justice
Program: The Juvenile Mentoring Program
CFDA Number: 16.726
Award Numbers: 2012-JU-FX-0008 and 2011-MU-MU-0017

Criteria:
The Uniform Guidance 2 CFR 200.328 states that recipients are responsible for managing and monitoring each project, program, sub-award, function or activity supported by the award. Recipients shall monitor sub-awards to ensure sub-recipients have met the audit requirements as delineated in 2 CFR 200.331.

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

Questioned Costs:
None

Context:
Documents supporting that management is obtaining and reviewing the sub-recipients audited financial statements in accordance with their policies for a sample sub-recipients of the Department of Justice funds were requested. From these documents, 6 out of 55 sub-recipients were randomly selected. For 1 of the 6 selected sub-recipients, the most recent financial statement review on file did not comply with BBBSA's sub-recipient monitoring policies.

Effect:
The Organization could be providing reimbursements to a sub-recipient without sufficient controls to prevent or detect material non-compliance related to their grant funding.

Cause:
Management did not obtain the most recent copy of the sub-recipient's audit in order to comply with their policies.

Recommendations:
We recommend that management obtains and formally documents their review of the audited financial statements for the sub-recipients on a timely basis in accordance with BBBSA's sub-recipient monitoring policies.

Identification as a Repeat Finding:
This finding is a repeat of finding 2015-003 in the prior year.

(Continued)

Management's View and Planned Corrective Actions:

Management's sub-recipient monitoring policy requires the filing of affiliate annual audits with BBBSA. In this case one affiliate did not provide their financial statements on a timely basis. The audit on file for the one affiliate was FY14. BBBSA regularly communicates with affiliates that have not submitted annual audits within 9 months of the close of their fiscal year to determine reasonableness of delay. While management did communicate with this Affiliate regarding their timeline of their audit, we did not document these communications. See Management's Corrective Action Plan for further information.

Prior Year Findings and Questioned Costs

Finding 2015-001: Suspension and Debarment – Significant Deficiency

Impacted Programs:
Federal Agency: Department of Justice
Program: The Juvenile Mentoring Program
CFDA Number: 16.726
Award Number: 2012-JU-FX-0008

Federal Agency: Department of Labor
Program: Reintegration of Ex-Offenders
CFDA Number: 17.270
Award Number: PE-224408-13-60-A-42

Condition:
The organization-wide internal controls were not adequately designed to reasonably ensure compliance with federal laws, regulations and program requirements related to suspension and debarment. Further, documentation of support to verify the proper review and execution of suspension and debarment practices, which are highlighted below, did not exist during the current year.

- Requirements of the organization to determine for subawards of any value and procurement contracts equal to or exceeding $100,000, that the organization and its principals are not suspended or debarred.

Status of Prior Year Finding:
This finding was remediated.

Finding 2015-002: 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

Condition:
Management was not able to provide documentation to show that the compensation being funded by the grant awards is reviewed and compared to the maximum salary allowed per the grant award.

We recommend that policies and procedures are established to assist with identification of special provisions of a contract, and that documentation supporting the review is maintained.

Status of Prior Year Finding:
This finding was remediated.

(Continued)

Finding 2015-003: Sub-recipient Monitoring – Significant Deficiency

Impacted Programs:
Federal Agency: Department of Justice
Program: The Juvenile Mentoring Program
CFDA Number: 16.726
Award Number: 2012-JU-FX-0008

Federal Agency: Department of Labor
Program: Reintegration of Ex-Offenders
CFDA Number: 17.270
Award Number: PE-224408-13-60-A-42

Condition:
Management was unable to provide copies of audited financial statements for the sample of sub-recipients, which consisted of 2 sub-recipients for CFDA 17.270 and 3 sub-recipients for CFDA 16.726.

Status of Prior Year Finding:
This finding was partially remediated. See current year finding at Section III, 2016-001.

Finding 2016-001: Sub-recipient Monitoring – Significant Deficiency

Corrective Action Plan:
BBBSA has established the process of reviewing and documenting the annual financial audits of the sub-recipients. These documented reviews will be placed in the BBBSA Central Filing System. Reviews will be performed annually based upon the various fiscal year endings of each sub-recipient.

Anticipated Completion Date:
BBBSA anticipates performing the review and documentation related to the annual financial audits of all sub-recipients by the fiscal year ending June 30, 2017.

Contact information:
For more information or questions concerning findings, please contact Tim Midkiff, Chief Financial Officer for Big Brothers Big Sisters of America at 813-440-3584