BIG BROTHERS BIG SISTERS OF AMERICA

FINANCIAL STATEMENTS
June 30, 2019 and 2018

BIG BROTHERS BIG SISTERS OF AMERICA

FINANCIAL STATEMENTS

June 30, 2019 and 2018

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Crowe LLP
Independent Member Crowe Global

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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization has adopted ASU 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 12, 2020 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 LLP

Crowe LLP

Tampa, Florida
February 12, 2020

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 2,814,381	$ 2,456,943
Accounts receivable from affiliated agencies (net of allowance for doubtful accounts of $75,000 in 2019 and 2018)	373,314	316,471
Contributions and government grants receivable (Note 3)	2,866,749	5,642,525
Prepaid expenses and other assets	1,372,250	163,787
Property and equipment (Note 6)	29,252	52,802
Investments (Note 4 and 5)	5,956,919	6,019,747
Beneficial interest in trust (Note 5)	2,723	60,772
Endowment investments	3,002,605	3,164,232
Total assets	$ 16,418,193	$ 17,877,279
LIABILITIES AND NET ASSETS		
Grants payable to local agencies	$ 3,639,903	$ 4,984,850
Deferred revenue	1,250,840	909,992
Accounts payable and accrued expenses	1,269,199	1,380,280
Loan payable (Note 7)	1,900,000	-
Total liabilities	8,059,942	7,275,122
Net assets		
Without Donor Restrictions		
Undesignated	3,341,682	3,323,397
Board designated (Note 13)	100,250	100,000
With Donor Restrictions (Note 2)	4,916,319	7,178,760
Total net assets	8,358,251	10,602,157
Total liabilities and net assets	$ 16,418,193	$ 17,877,279

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions and grants	$ 6,555,363	$ 2,450,166	$ 9,005,529
Government funding	5,847,505	-	5,847,505
	12,402,868	2,450,166	14,853,034
Revenues			
Memberships	3,334,213	-	3,334,213
Investment income	253,731	-	253,731
Other income	675,046	-	675,046
	4,262,990	-	4,262,990
Net assets released from restrictions			
Satisfaction of program restrictions	4,712,607	(4,712,607)	-
Total public support and revenues	21,378,465	(2,262,441)	19,116,024
Expenses			
Program services			
Program implementation	5,698,197	-	5,698,197
Agency services, support and development	11,650,914	-	11,650,914
Child safety, standards and compliance	1,515,306	-	1,515,306
	18,864,417	-	18,864,417
Support services			
Management and general	1,030,614	-	1,030,614
Fundraising	1,464,899	-	1,464,899
Total supporting services	2,495,513	-	2,495,513
Total expenses	21,359,930	-	21,359,930
Change in net assets	18,535	(2,262,441)	(2,243,906)
Net assets, beginning of year	3,423,397	7,178,760	10,602,157
Net assets, end of year	$ 3,441,932	$ 4,916,319	$ 8,358,251

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions and grants	$ 7,989,964	$ 12,834,591	$ 20,824,555
Government funding	7,003,035	-	7,003,035
	14,992,999	12,834,591	27,827,590
Revenues			
Memberships	3,440,727	-	3,440,727
Investment loss	(17,973)	-	(17,973)
Other income	628,970	-	628,970
	4,051,724	-	4,051,724
Net assets released from restrictions			
Satisfaction of program restrictions	8,103,893	(8,103,893)	-
Total public support and revenues	27,148,616	4,730,698	31,879,314
Expenses			
Program services			
Program implementation	8,364,186	-	8,364,186
Agency services, support and development	15,430,766	-	15,430,766
Child safety, standards and compliance	1,306,986	-	1,306,986
	25,101,938	-	25,101,938
Support services			
Management and general	967,977	-	967,977
Fundraising	1,119,888	-	1,119,888
Total supporting services	2,087,865	-	2,087,865
Total expenses	27,189,803	-	27,189,803
Change in net assets	(41,187)	4,730,698	4,689,511
Net assets, beginning of year	3,464,584	2,448,062	5,912,646
Net assets, end of year	$ 3,423,397	$ 7,178,760	$ 10,602,157

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENTS OF CASH FLOWS
Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ (2,243,906)	$ 4,689,511
Adjustments to reconcile change in net asset to net cash used in operating activities:		
Depreciation	23,550	25,806
Net (gain) loss on investments	(94,424)	17,973
Decrease (increase) in assets:		
Accounts receivable from affiliated agencies	(56,843)	49,800
Contributions and grants receivable	2,775,776	(1,297,457)
Prepaid expenses and other assets	(1,208,463)	(24,359)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(111,081)	601,609
Grants payable to local agencies	(1,344,947)	(141,123)
Deferred revenue	340,848	(320)
Net cash provided by (used in) operating activities	(1,919,490)	3,921,440
Cash flows from investing activities		
Purchases of equipment	-	(37,437)
Purchase of investments	(6,891,543)	(7,266,272)
Proceeds from sale of investments	7,268,471	391,397
Net cash provided by (used in) investing activities	376,928	(6,912,312)
Cash flows from financing activities		
Borrowings on loan payable	1,900,000	-
Net cash provided by financing activities	1,900,000	-
Net increase (decrease) in cash and cash equivalents	357,438	(2,990,872)
Cash and cash equivalents		
Beginning of the year	2,456,943	5,447,815
End of the year	$ 2,814,381	$ 2,456,943

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program Implementation	Agency Services, Support and Development	Child Safety, Standards and Compliance	Total Program Services	Support Services: Management & General	Support Services: Fund Raising	Total Support Services	Total
Salaries and wages	$ 804,713	$ 1,649,662	$ 643,770	$ 3,098,145	$ 321,885	$ 603,535	$ 925,420	$ 4,023,565
Payroll taxes	52,031	106,663	41,625	200,319	20,812	39,023	59,835	260,154
Employee Pension	6,785	13,910	5,428	26,123	2,714	5,089	7,803	33,926
Insurance benefits	65,550	134,378	52,440	252,368	26,220	49,163	75,383	327,751
Grants to local agencies	4,052,861	4,052,861	-	8,105,722	-	-	-	8,105,722
Professional services	42,301	4,694,693	338,977	5,075,971	333,183	385,333	718,516	5,794,487
Telephone, postage and shipping	40,896	4,811	19,245	64,952	26,462	14,434	40,896	105,848
Occupancy and maintenance	124,100	14,600	58,400	197,100	80,300	43,800	124,100	321,200
Printing, publications and promotions	16,386	1,928	7,711	26,025	10,603	5,783	16,386	42,411
Conferences, travel and events	152,709	280,683	75,817	509,209	72,488	63,839	136,327	645,536
Insurance	46,377	95,073	37,102	178,552	18,551	34,783	53,334	231,886
Information technology	259,791	532,572	207,833	1,000,196	103,917	194,844	298,761	1,298,957
Depreciation	4,710	9,656	3,768	18,134	1,883	3,533	5,416	23,550
Other	28,987	59,424	23,190	111,601	11,596	21,740	33,336	144,937
	$ 5,698,197	$ 11,650,914	$ 1,515,306	$ 18,864,417	$ 1,030,614	$ 1,464,899	$ 2,495,513	$ 21,359,930

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Program Implementation	Agency Services, Support and Development	Child Safety, Standards and Compliance	Total Program Services	Support Services: Management & General	Support Services: Fund Raising	Total Support Services	Total
Salaries and wages	$ 796,531	$ 1,672,715	$ 677,051	$ 3,146,297	$ 278,786	$ 557,572	$ 836,358	$ 3,982,655
Payroll taxes	52,586	110,431	44,698	207,715	18,405	36,810	55,215	262,930
Insurance benefits	54,444	114,332	46,277	215,053	19,055	38,111	57,166	272,219
Grants to local agencies	6,087,848	6,087,848	-	12,175,696	-	-	-	12,175,696
Professional services	823,976	6,470,838	183,708	7,478,522	374,111	250,348	624,459	8,102,981
Telephone, postage and shipping	38,961	23,377	7,792	70,130	31,169	12,987	44,156	114,286
Occupancy and maintenance	82,130	49,278	16,426	147,834	65,704	27,377	93,081	240,915
Printing, publications and promotions	3,070	1,842	614	5,526	2,456	1,023	3,479	9,005
Conferences, travel and events	164,118	353,009	108,976	626,103	87,108	13,295	100,403	726,506
Insurance	45,722	96,016	38,864	180,602	16,003	32,005	48,008	228,610
Information technology	180,049	378,102	153,041	711,192	63,017	126,034	189,051	900,243
Depreciation	5,161	10,839	4,387	20,387	1,806	3,613	5,419	25,806
Other	29,590	62,139	25,152	116,881	10,357	20,713	31,070	147,951
	$ 8,364,186	$ 15,430,766	$ 1,306,986	$ 25,101,938	$ 967,977	$ 1,119,888	$ 2,087,865	$ 27,189,803

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Since 1904, Big Brothers Big Sisters (the “Organization” or “BBBSA”) has been matching youth in meaningful, enduring, professionally supported mentoring relationships with adult volunteers who defend their potential and help them achieve their biggest possible futures. Big Brothers Big Sisters’ evidence-based approach is designed to create positive youth outcomes, including educational success, avoidance of risky behaviors, higher aspirations, greater confidence, and improved relationships. In the past 10 years, with 243 affiliates in all 50 states, Big Brothers Big Sisters has served nearly 2 million children. Learn how to get involved at bbbs.org.

The Organization works closely with Big Brothers Big Sisters agencies ("local agencies" 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. Net assets and contributions received are classified based on the existence or absence of donor imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from 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.

Management’s Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

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, 2019 and 2018.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 with donor restrictions 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 net assets with donor restrictions 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 agencies. 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 with and without donor restricted 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, 2019 and 2018, the Organization recognized revenues for contributed legal and accounting services of $0 and $63,614. An equal and offsetting expense was recognized within Support Services expense (management and general support).

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 $2,331,811 and $4,656,352 in 2019 and 2018, respectively, of contributed advertising time and printing 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 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. On August 21, 2017, the Organization relocated and entered into an amended commercial building lease agreement with base rental expense related to the lease contributed in kind by the current leaseholder for an additional three year past the original lease terms. Contribution revenue of $0 and $304,944 for the amended lease period was recognized in 2019 and 2018, respectively. Per ASC 958-605, the Organization recognized rental expense of $219,421 and $123,569 in 2019 and 2018, respectively, on the statement of activities with remaining contribution office space revenue of $551,766 and $771,187. With the execution of the amendment, the Organization will recognize a minimum annual rent expense of $177,727 and a minimum annual increase of approximately 3%.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. There were no other contributed goods during the twelve months ended June 30, 2019 and 2018.

Endowment Investments: As of June 30, 2019 and 2018 the Organization has $3,002,605 and $3,164,232, respectively, in endowment assets that are restricted by donors and include $100,000 designated by the board of directors at the end of each year. At June 30, 2019 and 2018, the $100,000 was invested in certificates of deposit consistent with other endowment funds. The Organization's total endowment funds are invested as follows in certificates of deposit with consistent levels of return:

	2019	2018
Certificates of Deposit	$ 3,002,605	$ 3,164,232
	$ 3,002,605	$ 3,164,232

The income from endowment funds are used by donor stated or board designated purpose, respectively.

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 rates 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.

Functional Allocation of Expenses: The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Most expenses are charged to the department/function incurring the expense based on an administrative ratio which is based on the number of staff in each department as well as estimates of time and effort. Grants to local agencies are allocated evenly between Program Implementation and Agency Services. Professional Services and Conferences, Travel and Events are directly charged to the department/function incurring the expense.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard: In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, with the stated purpose of improving financial reporting by not-for-profit entities. The main provisions of the ASU would require a not-for-profit entity to: (a) present two classes of net assets on the statement of financial position entitled "net assets with donor restrictions" and "net assets without donor restrictions," (b) present changes in each of the two classes of net assets on the statement of activities, (c) disclose quantitative and qualitative information surrounding liquidity and availability of resources (d) disclose the amount and purpose of governing board designations, appropriations, and other self-imposed limits on the use of resources, (e) present expenses by both their natural classification and functional classification, (f) disclose methods used to allocate costs among program and support functions, (g) report investment return net of external and direct internal investment expenses, and (h) use the placed-in-service approach for reporting expirations of restrictions on gifts used to acquire or construct long-lived assets in the absence of explicit donor stipulations. The ASU is effective for fiscal years beginning after December 15, 2017. The provisions of the ASU must be applied on a retrospective basis for all years presented, although certain optional practical expedients are available for the periods prior to adoption. Management has applied this ASU retrospectively to all periods presented on the Organization's financial statements, except for the liquidity disclosure, as permitted. The implementation of this ASU did not have a material effect on amounts previously presented.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications did not have an effect on net assets or change in net assets.

Subsequent Events: Subsequent events have been evaluated through February 12, 2020, the date that the financial statements were available to be issued.

NOTE 2 - RESTRICTIONS ON NET ASSETS

Net Assets with donor restrictions include gifts of cash and other assets for which donor-imposed restrictions have not yet been met. Also included in this category are gifts that have donor-imposed restrictions which require the principal to remain intact, with the interest earned to be allocated between with and without donor restricted funds based on the donor stipulation. Net assets with donor restrictions at June 30:

	2019	2018
Time restrictions:		
In-kind lease	$ 551,766	$ 771,187
Term endowment	2,499,875	2,849,875
Beneficial interest in trust	2,723	60,772
Total time restrictions	3,054,364	3,681,834
Purpose restrictions:		
Program implementation	630,431	1,290,422
Agency services	660,746	1,330,502
Child safety	291,048	596,272
Total purpose restrictions	1,582,225	3,217,196
Endowments:		
Donor restricted endowment funds	279,730	279,730
Total net assets with donor restrictions	$ 4,916,319	$ 7,178,760

(Continued)

NOTE 3 - CONTRIBUTIONS AND GOVERNMENT GRANTS RECEIVABLE

As of June 30, 2019 and 2018, the Organization recorded promises of funding of $2,866,749 and $5,642,525, respectively. The promises to give are considered fully collectible and consist of the following as of June:

	2019	2018
Less than 1 year	$ 2,797,997	$ 5,642,525
1-5 years	75,000	-
	2,872,997	5,642,525
Less: discount	(6,248)	-
Total net contributions receivable	$ 2,866,749	$ 5,642,525

Discounts are not applied to contributions received under one year. The total discount amount as of June 30, 2019 was $6,248. There were no material contributions receivable in excess of one year at June 30, 2018.

NOTE 4 - INVESTMENTS

At June 30, 2019 and 2018, investments carried at fair value were Certificates of Deposit and Money Market Accounts at $8,959,524 and $9,183,979, respectively.

The total investment gain(loss) for the twelve months ended June 30, 2019 and 2018 was $253,731 and ($17,973), 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 5 for fair value disclosures.

NOTE 5 - 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.

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

	2019	2018
Balance Sheet Assets		
Cash and cash equivalents	$ 2,814,381	$ 2,456,943
Investments	5,956,919	6,019,747
Beneficial interest in trust	2,723	60,772
Endowment investments	3,002,605	3,164,232

(Continued)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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, 2019	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	$ -	$ 6,807,961	$ -	$ 6,807,961
Money Market Funds	-	2,151,563	-	2,151,563
Beneficial interest in trust	-	-	2,723	2,723
	$ -	$ 8,959,524	$ 2,723	$ 8,962,247

June 30, 2018	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	$ -	$ 6,389,994	$ -	$ 6,389,994
Money Market Funds	-	2,793,985	-	2,793,985
Beneficial interest in trust	-	-	60,772	60,772
	$ -	$ 9,183,979	$ 60,772	$ 9,244,751

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	2019	2018
Balance at beginning of year	$ 60,772	$ 8,316
Change in valuation of beneficial interest in trusts held by others	(58,049)	52,456
Balance at end of year	$ 2,723	$ 60,772

(Continued)

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2019	2018
Furniture and equipment	$ 502,737	$ 502,737
Building improvements	46,481	46,481
	549,218	549,218
Less: Accumulated depreciation	(519,966)	(496,416)
	$ 29,252	$ 52,802

NOTE 7 – LOAN PAYABLE

Effective January 31, 2019, the Organization has a promissory note payable to The Minneapolis Foundation for $1,900,000. Interest on the note payable accrues at an annual fixed rate of 3.15%. Interest only payments are due through January 31, 2021 with principal payments of $237,500 plus interest due annually thereafter. The loan matures on December 31, 2028.

NOTE 8 - PENSION PLAN

The Organization sponsors a defined contribution pension plan (401(k)) covering all full-time employees over age 20-1/2 with six months of continuous service. Eligible employees may elect to invest up to ten percent (10%) of their compensation through payroll deductions. Starting July 2018, the Organization began a 1% employer discretionary match based upon participating employee’s annual salary. For the twelve months ended June 30, 2019, pension expense was $33,926.

The Organization maintains a non-qualified, unfunded 457(f) deferred compensation plan. This plan is designed for certain employees as incentive for contract completion. The plan defers receipt of portions of their compensation, thereby delaying taxation on the deferral amount and on subsequent earnings until the balance is distributed. A liability of $90,000 and $60,000 was recognized during 2019 and 2018, respectively.

NOTE 9 - RELATED PARTIES

As of June 30, 2019 and 2018, the Organization has no current receivables from members of its Board. The Organization recognized contribution revenue of $616,024 and $4,040,775 during the twelve months ended June 30, 2019 and 2018, respectively, from its Board.

(Continued)

NOTE 10 - LEASES

In 2015, the Organization entered into a 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.

On August 21, 2017, the Organization relocated and entered into an amended commercial building lease agreement with base rental expense related to the lease contributed in kind by the current leaseholder for an additional three year past the original lease terms. Contribution revenue of $0 and $304,944 for the amended lease period was recognized in 2019 and 2018, respectively. Per ASC 958-605, the Organization recognized rental expense of $219,421 and $123,569 in 2019 and 2018, respectively, on the statement of activities with remaining contribution office space revenue of $551,766 and $771,187. With the execution of the amendment, the Organization will recognize a minimum annual rent expense of $177,727 and a minimum annual increase of approximately 3%.

The Organization also leases equipment and other office space under leases which expire at various dates through 2019. For the twelve months ended June 30, 2019 and 2018, total rental expenses under these leases amounted to $10,319 and $4,673, respectively.

At June 30, 2019, the Organization was obligated under various non-cancellable lease arrangements including in-kind by leaseholder, for office space and equipment as follows:

2020	$ 186,626
2021	192,245
2022	198,045
2023	16,544
Total future minimum lease expense	$ 593,460

NOTE 11 - CONCENTRATION OF CREDIT RISK

During the year, the Organization may have cash balances in banks in excess of the Federal Deposit Insurance Corporation limit. As of June 30, 2019 and 2018, the Organization has $11,575,965 and $11,386,395, respectively, of cash and cash equivalents and investments in excess of the Federal Deposit Insurance Corporation limit.

NOTE 12 - CONTINGENCY

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

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

(Continued)

NOTE 13 - ENDOWMENT COMPOSITION

BBBSA's endowments consist of 4 individual funds established for a variety of purposes. The endowments include both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 2,902,355	$ 2,902,355
Board-designated funds	100,250	-	100,250
Total funds	$ 100,250	$ 2,902,355	$ 3,002,605

Endowment net asset composition by type of fund as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 3,064,232	$ 3,064,232
Board-designated funds	100,000	-	100,000
Total funds	$ 100,000	$ 3,064,232	$ 3,164,232

Changes in endowment net assets for the year ended June 30, 2019 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at beginning of year	$ 100,000	$ 3,064,232	$ 3,164,232
Net appreciation (realized and unrealized)	2,250	188,123	190,373
Distributions	(2,000)	(350,000)	(352,000)
Net assets at end of year	$ 100,250	$ 2,902,355	$ 3,002,605

(Continued)

NOTE 13 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the year ended June 30, 2018 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at beginning of year	$ 100,000	$ 282,182	$ 382,182
Net appreciation (realized and unrealized)	-	(67,825)	(67,825)
New gifts	-	2,849,875	2,849,875
Net assets at end of year	$ 100,000	$ 3,064,232	$ 3,164,232

Interpretation of UPMIFA: The State of Florida enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2012. The Board of Directors of BBBSA requires the preservation of the "Historic Dollar Value", defined as the fair value of the original and subsequent gift(s) to the fund which shall be retained in the absence of explicit donor stipulations. This definition only applies to endowment funds subject to UPMIFA and does not include quasi-endowments, or funds where the 3rd party Trustee owns and controls the assets.

As a result of this interpretation, BBBSA classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified temporarily as donor restricted until those amounts are appropriated for expenditure by BBBSA, or, unless deficiencies in the fair value of a fund fall below the level required by BBBSA to retain as perpetual. In accordance with UPMIFA, BBBSA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the organization
7) The investment policies of the organization.

Return Objectives and Risk Parameters: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts. BBBSA has adopted a conservative investment policy for endowment assets and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the BBBSA must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to develop a new and significant source of revenue for the BBBSA. In so doing, the Endowment Fund will provide a secure, long-term source of funds to potentially: (i) stabilize agency funding during periods of below normal giving; (ii) fund special grants; (iii) ensure long-term growth; (iv) enhance our ability to meet changing community needs in both the short and long-term; and/or, (v) support the administrative expenses of the BBBSA as deemed appropriate.

(Continued)

NOTE 13 - ENDOWMENT COMPOSITION (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: BBBSA appropriates a set amount each year for program and administrative purposes. In establishing the individual endowment funds, BBBSA considered the long-term expected return on its endowments. Accordingly, over the long term BBBSA expects an average of 2% annual return. This is consistent with BBBSA's objective to maintain the purchasing power of the endowment assets held in perpetuity or for specified term.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the BBBSA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were $0 and $67,825 as of June 30, 2019 and 2018, respectively.

Endowment Fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations. In order to make a principal disbursement, the Audit Committee functioning as the Investment Committee would need to make a recommendation for approval to the Board of Directors.

NOTE 14 – FISCAL AGENT

BBBSA acted as the fiscal agent for Big Brothers Big Sisters of Low Country ("BBSALC") a new agency in South Carolina. BBBSA received $ 212,973 as of June 30, 2019. The funds received were subsequently passed through to BBBSLC.

NOTE 15 – LIQUIDITY AND AVAILABILTY

As of June 30, 2019, financial assets available within one year of the balance sheet date for general operations were as follows.

	2019
Cash	$ 2,814,381
Investments	5,956,919
Contributions Receivable and Government Grants	2,271,231
Accounts receivable, net	373,314
Endowed investments, current portion	351,000
Total financial assets available	11,766,845
Less: Pass through to local agencies	1,428,000
Total financial assets available	$ 10,338,845

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenses over a 12-month period, the Organization considers all expenses related to its ongoing mission-related activities as well as the services undertaken to support those activities to be general expenses.

(Continued)

NOTE 15 – LIQUIDITY AND AVAILABILITY (Continued)

The investment amount listed above represents assets which could be converted to cash on a short-term basis and thus are available to support cash flow needs and operations. The Organization has no immediate plans to liquidate investments beyond what is needed for current operations based on the respective spending policy and the operating budget.

Endowed investments of $2,651,605 have been excluded from the schedule above per donor restrictions.

The portion of investments of which the Organization expects to distribute to local agencies within one year is shown as a reduction of financial assets available in the schedule above.

Contributions receivable and government grants in the above schedule exclude non-cash receivables due to in-kind rent receivables recorded on the Statement of Financial Position.

BIG BROTHERS BIG SISTERS OF AMERICA

SINGLE AUDIT REPORT

June 30, 2019

BIG BROTHERS BIG SISTERS OF AMERICA
Tampa, Florida

SINGLE AUDIT REPORT
June 30, 2019

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Big Brothers Big Sisters of America (the Organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2020.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Tampa, Florida
February 12, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Big Brothers Big Sisters of America's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the Organization as of and for the year ended June 30, 2019, and have issued our report thereon dated February 12, 2020, 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 LLP

Crowe LLP

Tampa, Florida
February 12, 2020

BIG BROTHERS BIG SISTERS OF AMERICA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Justice				
Direct Award:				
Juvenile Mentoring Program	16.726**	2017-JU-FX-0002	$ 2,953,137	$ 2,696,856
Juvenile Mentoring Program	16.726**	2018-JU-FX-0010	2,264,833	2,119,120
Juvenile Mentoring Program	16.726**	2018-JU-FX-0023	192,679	163,666
Total U.S. Department of Justice			5,410,649	4,979,642
Total Federal Expenditures			$ 5,410,649	$ 4,979,642

** 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 (the Organization) for the year ended June 30, 2019.

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

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

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards has been prepared on an accrual basis of accounting.

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

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

NOTE 3 - NONCASH AND FEDERAL INSURANCE

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

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	X No
Significant deficiency(ies) identified?	_____ Yes	X None Reported
Noncompliance material to financial statements noted?	_____ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ Yes	X No
Significant deficiency(ies) identified?	_____ Yes	X None Reported
Type of auditor's report issued on compliance for each major program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	X No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
16.726	The Juvenile Mentoring Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III – Federal Awards Findings and Questioned Costs

No matters were reported.

Section IV – Prior Year Findings

No matters were reported in the prior year.