

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

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2011

Tony Cascio

Certified Public Accountant

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Independent Accountant's Report

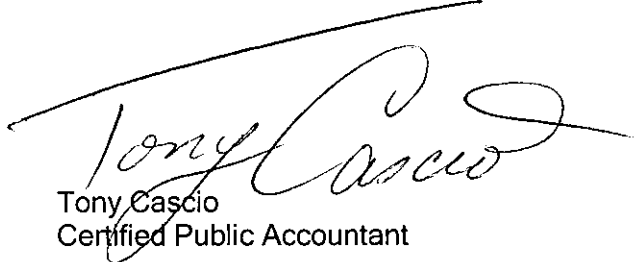
To the Board of Directors of
Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc.

I have audited the accompanying statement of financial position of Big Brothers and Big Sisters of Palm Beach and Martin Counties, Inc. (a nonprofit organization) as of June 30, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. as of June 30, 2010 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of unrestricted activities and the statement of functional expenses - unrestricted are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Tony Cascio
Certified Public Accountant

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

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 151,601
Grants Receivable	42,780
Other Assets	2,500
Prepaid Expenses	<u>3,433</u>

Total Current Assets \$ 200,314

Property & Equipment - net 14,906

Security Deposit 2,360

TOTAL ASSETS \$ 217,580

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 29,247
	<u>-</u>

Total Current Liabilities \$ 29,247

NET ASSETS

Unrestricted	160,850
Temporarily Restricted	<u>27,483</u>
	188,333

TOTAL LIABILITIES AND NET ASSETS \$ 217,580

The accompanying notes are an integral part of the financial statements.

BIG BROTHERS BIG SISTERS OF PALM BEACH AND MARTIN COUNTIES INC

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDING JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue			
Contributions	\$ 223,934	\$ 16,076	\$ 240,010
Special Events, net of direct expenses	52,878		52,878
Grants	541,313		541,313
Interest and Other Income	<u>358</u>	<u>-</u>	<u>358</u>
Total Revenue	<u>818,483</u>	<u>16,076</u>	<u>834,559</u>
 Expenses:			
Program Services	547,591	24,848	572,439
Supporting Services:			
Management and General	129,630	-	129,630
Fund Raising	<u>98,164</u>	<u>-</u>	<u>98,164</u>
Total Expenses	<u>775,385</u>	<u>24,848</u>	<u>800,233</u>
Increase (Decrease) in Net Assets	43,098	(8,772)	34,326
 Net Assets - Beginning of Year	 <u>117,752</u>	 <u>36,255</u>	 <u>154,007</u>
 Net Assets - End of Year	 <u>\$ 160,850</u>	 <u>\$ 27,483</u>	 <u>\$ 188,333</u>

The accompanying notes are an integral part of the financial statements.

BIG BROTHERS BIG SISTERS OF PALM BEACH AND MARTIN COUNTIES INC

STATEMENT OF UNRESTRICTED ACTIVITIES

FOR THE YEAR ENDING JUNE 30, 2011

	UNRESTRICTED ACTIVITIES
Public Support:	
Contributions	\$ 223,934
Special Events - net of direct expenses	<u>52,878</u>
Total Public Support	<u>276,812</u>
Grants and Other Revenue:	
United Way	34,150
Big Brothers Big Sisters of Florida	164,456
Big Brothers Big Sisters of America	43,529
Hobe Sound Community Foundation	45,000
Children's Services Council	149,210
Other Grants	104,968
Interest and Other Income	358
	<u>-</u>
Total Other Revenue	<u>541,671</u>
Total Public Support And Other Revenue	<u>818,483</u>
Expenses:	
Program Services	547,591
Supporting Services:	
Management and General	129,630 *
Fund Raising	<u>98,164</u>
Total Expenses	<u>775,385</u>
Change in unrestricted net assets	\$ <u>43,098</u>

* ROUNDED

The accompanying notes are an integral part of the financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDING JUNE 30, 2011

UNRESTRICTED ACTIVITIES

	PROGRAM SERVICES	GENERAL & MANAGEMENT	FUND RAISING	TOTAL
Salaries	\$ 343,176	\$ 66,729	\$ 66,729	\$ 476,634
Employee Benfits	26,375	5,128	5,128	36,632
Payroll Taxes	<u>28,643</u>	<u>5,569</u>	<u>5,569</u>	<u>39,782</u>
TOTAL SALARIES & RELATED EXPENSES	398,195	77,427	77,427	553,048
Advertising	1,860	362	362	2,584
Audit & Professional	2,675	520	520	3,715
Auto & Travel	10,999	2,139	2,139	15,277
Bank Charges	1,313	255	255	1,824
Board Development	-	6,159	-	6,159
Grant Management Fees	13,156	-	-	13,156
Insurance	15,960	3,103	3,103	22,166
Repairs	961	187	187	1,335
Miscellaneous	171	33	33	238
Office Supplies	7,754	1,508	1,508	10,770
Contract Labor		24,372		24,372
Dues	15,461	3,006	3,006	21,473
Fund Development	5,374	1,045	1,045	7,464
Program Activities	20,179	-	-	20,179
Postage & Printing	1,719	334	334	2,387
Equipment Leasing	3,527	686	686	4,899
Rent	30,764	5,982	5,982	42,728
Meeting /Seminars	3,698	719	719	5,136
Telephone	4,403	856	856	6,115
Background Checks	7,414	-	-	7,414
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER EXPENSES	<u>147,389</u>	<u>51,267</u>	<u>20,736</u>	<u>219,391</u>
TOTAL EXPENSES BEFORE DEPRECIATION	545,583	128,693	98,162	772,439
Depreciation of Equipment	<u>2,008</u>	<u>938</u>	<u>-</u>	<u>2,946</u>
TOTAL UNRESTRICTED EXPENSES	\$ <u>547,591</u>	\$ <u>129,631</u>	\$ <u>98,162</u>	\$ <u>775,385</u>

The accompanying notes are an integral part of the financial statements.

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Contributions	\$ 240,010
Special Events - Net	52,878
Grants	527,959
Investment Income	358
Cash paid for program services	(544,093)
Cash paid for management & general expenses	(130,076)
Cash paid for fundraising expenses	(98,607)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES **\$ 48,429**

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for purchase of property and equipment (14,227)

NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS **34,202**

CASH & CASH EQUIVALENTS - BEGINNING OF YEAR **117,399**

CASH & CASH EQUIVALENTS - END OF YEAR **\$ 151,601**

RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets \$ 34,326

Adjustment to reconcile decrease in Net Assets
to Net Cash Provided by Operating Activities

 Depreciation 2,946

(Increase) Decrease in

 Grants Receivable (13,354)

 Prepaid Expenses 8,353

 Security Deposit (360)

 Other Assets 4,790

(Decrease) Increase in

 Accounts Payable & accrued expenses 11,728

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES **\$ 48,429**

The accompanying notes are an integral part of the financial statements.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Big Brothers Big Sisters of Palm Beach and Martin Counties Inc. is one of approximately 400 affiliated agencies under the umbrella of Big Brothers Big Sisters of America. The national organization was founded 100 years ago to combat juvenile delinquency and is the oldest and largest mentoring organization in the United States. Although there are many variations, the unifying theme is a supervised, one-on-one friendship between a volunteer and a child in need of a positive role model. The organization's vision is to have a successful mentoring relationship between the sponsor and the child. In January 2010 the agency expanded in Palm Beach County and change it's name from Big Brothers Big Sister of Martin County Inc. to Big Brothers Big Sisters of Palm Beach and Martin Counties Inc. An office in Palm Beach County was rented in June 2010.

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

The local agency serves at risk children who live in Palm Beach and Martin County. There are two main mentoring options: site-based and community based. These options mirror models from the national organization and serve school age girls and boys ages five to seventeen. There is one significant community based blended program (career skills mentoring). This program incorporates aspects of both main mentoring options with a business component.

- a. With Site Based mentoring, volunteers meet with children only at designated schools or at supervised sites, such as libraries. The commitment is from three months to one school year.
- b. The Community Based mentoring is based upon the traditional model where volunteers transport children to and from their homes and mentoring takes place in the community rather than at specified sites. Additionally, the Corporation's curriculum based programming is also offered to small groups of targeted teens who are not matched with volunteer mentors.
- c. Career skills mentoring program focuses on 8th grade students. The program is a one-to-one relationship with a business mentor, where the child is introduced to various business opportunities.

In 2008 Big Brothers Big Sisters of America (BBBSA) recognized Big Brothers Big Sisters (BBBS) Martin County agency as "one of the thirty-five best performing agencies in the country in all areas of business performance"; this included "match growth", revenue growth, compliance and program performance. Also in 2008 BBBSA recognized William P. Bee Jr. of BBBS of Martin County as small agency "CEO of the Year". Additionally the agency was a runner up for "small agency of the year" for 2008.

These notes are an integral part of the financial statements.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

BBBS of Martin was selected as "Best places to work in Martin County" in 2008. In 2009 "Business Leader Magazine" selected BBBS of Martin as on the top 100 small business in South Florida; finishing #47.

Children Service Council of Martin County has twice selected BBBS of Martin as the "Most outstanding non-profit" in all areas of operation funded by the Children Services Council of Martin County.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205-55, "Not-for-Profit Entities - Presentation of Financial Statements - Implementation Guidance and Illustrations ". Under FASB ASC 958-210-45-1 the Corporation 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 addition, under FASB ASC 958-230, the corporation is required to present a statement of cash flows..

In order to comply with restrictions which donors may place on grants and other gifts as well as designations made by its governing board, all assets, liabilities, and activities are stated on the accrual basis and are accounted for as Unrestricted and Temporarily Restricted Assets. Contributions are considered to be unrestricted unless restricted by the donor. All funds over which the Board of Directors has discretionary control are considered unrestricted. While specific programs may be funded by a specific grant, these funds are considered unrestricted unless otherwise designated .

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable to a program based on units of service and support costs are allocated to the program based on percentage of salary to that program. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operation, and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

These notes are an integral part of the financial statements.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Corporation receives grants and contributions from charitable organizations, local governmental units and individuals. These funds are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. When a temporary restriction expires, the restricted funds/assets are reclassified to unrestricted.

The Corporation also has fund raising events. The major fund raising events are: Santa's Open Golf, the Taste of Martin County, and the Taste of Martin County Golf. Fund raising events further the organization's stated purpose and are recorded as unrestricted.

Use of Estimates

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

NOTE B: CASH AND CASH EQUIVALENTS

	June 30, 2011
Cash on Hand	\$ 411
Cash in Bank- operating accts	145,124
Money Market	<u>6,066</u>
Total	\$ <u>151,601</u>

The Corporation has a line of credit of \$ 75,000 with Bank Atlantic and \$ 50,000 with PNC Bank. The corporation did not use the line of credit during the year.

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Assets retired or otherwise disposed of are eliminated from the accounts. Any gains and losses from sales are included in revenue. Property and equipment is depreciated using the straight-line method over five years. Maintenance and repairs are charged to operating expenses as incurred. Cost of renewals and betterments which materially extend the useful lives of the assets are capitalized. If the acquisition price of any property and equipment is under \$500, the item is expensed and is not capitalized.

These notes are an integral part of the financial statements.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE C: PROPERTY AND EQUIPMENT (Continued)

The following is a schedule of the Corporation's property and equipment and the related depreciation at June 30, 2011:

	Cost	Current Depreciation	Accumulated Depreciation	Net Book Value
Computer Equipment	35,335	2,233	20,788	14,547
Furniture & Fixtures	14,520	713	14,161	359
Total	\$ 49,855	\$ 2,946	\$ 34,949	\$ 14,906

NOTE D: LEASES

The Corporation leases office space and copier equipment. The Corporation is on a month to month rental agreement of the office space in Stuart. The current monthly rent for Stuart is \$1,400. An office was leased in July 2011 for West Palm Beach. The lease started on July 28, 2011 and ends on August 31, 2013. The monthly rent for WPB is \$ 1800 for the period Sept 2011 thru Aug 31 2012 and \$ 1,854 for the period Sept 2012 Thru Aug 2013. The lease may be extended for two (2) renewal terms for two (2) years each. A copier was leased in February 2010 for five years and three months for \$380/month.)

At June 30, 2011 the future minimum lease payments required are as follows:

Year ending June 30,	Office	Equipment	Total
2012	\$ 18,000	\$ 4,560	\$ 23,560
2013	22,050	4,560	5,510
2014	22,790	4,560	4,560
2015	23,490	3,800	3,800
2016	24,194	0	0
Total	\$ 110,524	\$ 22,040	\$ 41,990

These notes are an integral part of the financial statements.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE E: GRANTS

The grants received for the year ending June 30, 2011 were as follows:

Children Service Council of Martin County	\$	149,210
Big Brothers Big Sister Assoc of Florida		164,456
Big Brothers Big Sister Assoc of America		43,529
Hobe Sound Community Chest		45,000
United Way of Martin County		34,150
Other Miscellaneous Grants		<u>104,968</u>
Total	\$	<u>541,313*</u> *rounding

Children's Services Council of Martin County Grant and United Way Grants

Children's Services Council of Martin County and the United Way grants supported: both site and community mentoring, small group programming for teens, and group activities of the agency throughout Martin County. The Children's Services Council grant was for \$ 153,522, with only \$ 149,210 received for the period July 1, 2010 to June 30, 2011. This grant generally supports the agency's mentoring programs. This is a reimbursement type grant for actual costs incurred.

The Corporation received \$ 34,150 from the United Way of Martin County Grant for the period July 1, 2010 thru June 30, 2011. The grant funds the Little Moments/Big Magic program (\$32,800) and a supplemental grant for the same program (\$ 1,800). Individual United Way contributions from donor payroll deductions were reported in contributions.

Other Grants

These grants are from various community foundations and associations that support select portions of the agency's services. Big Brothers Big Sisters Association of Florida Inc. grant of \$ 164,456 was to support the school based mentoring program. The original grant was for \$ 163,458. A grant management fee of 8% \$13,156 is deducted from this grant by the granting organization for managing the grant. . Big Brothers Big Sisters Association of America Inc. grant of \$ 43,000 was to support the mentoring program. The grant is from January 1, 2011 thru December 31, 2011. \$ 10,000 was received during this fiscal year ending June 30, 2011 from this grant and \$ 33,000 for the same type of grant that ended December 31, 2010.

The Hobe Sound Community Chest grant of \$ 45,000 was for services to children in Hobe Sound.

Other miscellaneous grants are:

Palm Beach County FAA	\$	29,718
Francis Langford Foundation		15,000
New York Community Trust		2,000
Quantum Foundation		25,000
Wachovia Foundation		8,000
Lost Tree Village Foundation		<u>25,250</u>
Total	\$	<u>104,968</u>

These notes are an integral part of the financial statements.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE F: IN-KIND DONATIONS AND CONTRIBUTED SERVICES

During the year, many individuals volunteered their time to mentor approximately 250 children and to perform a variety of tasks that assist the Corporation to fulfill its purpose. These services are not reflected in the financial statements, as these services do not require specialized skills.

In addition, in-kind donations for special events and fundraisers are received throughout the year, including donated food for the Taste of Martin County fund. The amount associated with this in-kind donations have not been included in these financial statements as the fair value of these donations has not been determined,

NOTE G: OTHER ASSETS

Other assets consist of prepaid credit cards to be given to clients.

NOTE H: PREPAID EXPENSES

Prepaid expenses consist of prepaid disability insurance and workman's comp insurance of \$ 2,828 and prepaid bulk mail of \$ 305 and miscellaneous receivables of \$ 300.

NOTE I: INTEREST AND OTHER INCOME

Interest and other income consists of dividends/interest of \$358.

NOTE J: PENSION PLAN

In November 2002, the Corporation approved a Simplified Employee Pension Plan (SEP) with American Funds covering all eligible employees. The Corporation may elect to contribute 2% of the annual salary for qualified employees. The Corporation did not contribute to the plan for the year ending June 30, 2011

NOTE K: GRANTS RECEIVABLE

Grants receivable consists of the following:

Children Service Council	\$ 14,171
Palm Beach County Grant	9,687
BB BS of Florida	<u>18,921</u>
TOTAL	\$ <u>42,780*</u>

*rounding

These notes are an integral part of the financial statements.

Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE L: SPECIAL EVENTS

The Corporation special events consisted of the following for the year ending June 30, 2011:

Event	Revenue	Direct Expenses	Net Income
Taste of Martin County	\$ 37,146	\$ 11,453	\$ 25,693
Taste Of Martin County Golf	22,849	7,641	15,208
Santa Open Golf	26,792	15,766	11,026
Miscellaneous Events	4,381	3,430	951
Total	<u>\$ 91,168</u>	<u>\$ 38,290</u>	<u>\$ 52,878</u>

NOTE M: RELATED PARTY TRANSACTIONS

The Corporation is affiliated with Big Brothers Big Sisters Association of America and Big Brothers Big Sisters Association of Florida.

The related party transactions are as follows:

	GRANTS RECEIVED	DUES PAID	GRANT MANAGEMENT FEE
BB BS OF AMERICA	\$ 43,528	\$ 5,307	
BB BS OF FLORIDA	164,456	7,976	\$ 13,156

NOTE N: INCOME TAX

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

These notes are an integral part of the financial statements.