



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

Financial Statements
June 30, 2016

Mari Huff C.P.A., P.A.
Certified Public Accountant
Stuart, Florida



Mari Huff, C.P.A., P.A.

Certified Public Accountant

MEMBER:
American Institute of Certified
Public Accountants

Florida Institute of Certified
Public Accountants

National Association of Certified
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Big Brothers Big Sisters of Palm Beach & Martin Counties, Inc. (the "Organization") (a nonprofit Florida corporation), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2016, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited Big Brothers Big Sisters of Palm Beach and Martin Counties, Inc.'s June 30, 2015 financial statements, and expressed an unmodified opinion on those financial statements in our report dated September 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mari Huff C.P.A., P.A.

Mari Huff C.P.A., P.A.

December 30, 2016

**BIG BROTHERS BIG SISTERS OF
PALM BEACH AND MARTIN COUNTIES, INC.
TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

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

Statement of Financial Position

as of June 30, 2016

(with Comparative Totals as of June 30, 2015)

	2016	2015
Assets:		
Cash and cash equivalents	\$ 81,807	\$ 29,720
Accounts receivable	-	250
Grants receivable	12,857	121,042
Property and equipment, net	24,023	4,772
Security deposits	-	2,000
Total assets	\$ 118,687	\$ 157,784
Liabilities and Net Assets:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,453	\$ 8,126
Accrued compensation	34,761	24,571
Accrued payroll liabilities	1,132	-
Deferred revenue	13,760	-
Line of credit	-	25,000
Total current liabilities	71,106	57,697
Net Assets:		
Unrestricted	47,581	89,337
Temporarily restricted	-	10,750
Total net assets	47,581	100,087
Total liabilities and net assets	\$ 118,687	\$ 157,784

See the auditor's report and the accompanying notes

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

Statement of Activities

for the Year Ended June 30, 2016

(with Comparative Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Totals	
			2016	2015
Support and Revenues:				
Grant income	\$ 672,729	\$ -	\$ 672,729	\$ 927,683
Special events (net)	97,977	-	97,977	120,613
Contributions	106,749	-	106,749	102,807
In-kind contributions	-	-	-	125
Interest income	56	-	56	57
Miscellaneous income	677	-	677	2,614
Total support and revenues	878,188	-	878,188	1,153,899
Temporarily restricted net assets released from restrictions	10,750	(10,750)	-	-
Total support and revenues	888,938	(10,750)	878,188	1,153,899
Functional Expenses:				
Program services	837,077	-	837,077	984,676
Support services	93,617	-	93,617	187,417
Total functional expenses	930,694	-	930,694	1,172,093
Change in net assets	(41,756)	(10,750)	(52,506)	(18,194)
Net assets, beginning of year	89,337	10,750	100,087	103,843
Prior period adjustments	-	-	-	14,438
Net assets, end of year	\$ 47,581	\$ -	\$ 47,581	\$ 100,087

See the auditor's report and the accompanying notes

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

*Statement of Functional Expenses
for the Year Ended June 30, 2016*

(with Comparative Totals for the Year Ended June 30, 2015)

	Support Services				2016	2015
	Program Services	General & Administrative	Development & Fund-Raising	Total Support Services		
Salaries	\$ 496,510	\$ 56,422	\$ 11,284	\$ 67,706	\$ 564,216	\$ 720,554
Employee benefits	30,258	3,438	688	4,126	34,384	45,785
Payroll taxes and costs	40,707	4,626	925	5,551	46,258	61,561
Total personnel costs	567,475	64,486	12,896	77,382	644,857	827,899
Advertising	8,652	-	177	177	8,829	10,647
Audit and professional	9,362	373	75	447	9,809	9,249
Auto and travel	12,094	1,374	275	1,650	13,743	15,770
Background checks	7,564	-	-	-	7,564	12,305
Bank charges	1,432	163	33	195	1,627	2,597
Board development/meetings	2,320	264	53	316	2,636	6,110
Contract labor	7,546	858	172	1,029	8,575	32,812
Dues and subscriptions	23,341	2,652	530	3,182	26,524	21,106
Equipment leasing	16,219	-	-	-	16,219	9,452
Fundraising costs	-	-	5,384	5,384	5,384	4,044
Grant management fees	16,019	-	-	-	16,019	26,313
Insurance	21,249	81	16	97	21,346	17,541
Interest	1,146	130	26	156	1,302	2,162
In-kind expenses	-	-	-	-	-	88
Meetings and seminars	754	86	17	103	857	1,569
Occupancy	37,460	602	120	723	38,183	43,326
Office expenses	7,038	474	95	569	7,607	10,906
Postage and delivery	518	59	12	71	589	1,819
Program expense	70,121	-	-	-	70,121	83,016
Repairs and maintenance	1,696	193	39	230	1,927	3,058
Telephone and computer	20,411	1,156	231	1,387	21,798	24,106
Depreciation	4,661	518	-	519	5,179	6,193
Total expenses	\$ 837,077	\$ 73,467	\$ 20,149	\$ 93,617	\$ 930,694	\$ 1,172,093

See the auditor's report and the accompanying notes

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

Statement of Cash Flows

for the Year Ended June 30, 2016

(with Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
Operating Cash Flows:		
Cash received from:		
Support and revenues	\$ 1,002,327	\$ 1,265,763
Investment income	56	57
Interest expense	1,302	2,162
Cash paid to employees and suppliers	(902,168)	(1,272,893)
Net operating cash flows	<u>101,517</u>	<u>(4,911)</u>
Investing Cash Flows:		
Purchase of property and equipment	(24,430)	(1,192)
Net investing cash flows	<u>(24,430)</u>	<u>(1,192)</u>
Financing Cash Flows:		
Line of credit	(25,000)	13,440
Net investing cash flows	<u>(25,000)</u>	<u>13,440</u>
Change in cash and cash equivalents	52,087	(19,543)
Cash and cash equivalents, beginning of year	29,720	49,263
Cash and cash equivalents, end of year	<u>\$ 81,807</u>	<u>\$ 29,720</u>
Reconciliation of Change in Net Assets to Operating Cash Flows:		
Change in net assets	\$ (52,506)	\$ (18,194)
Prior period adjustment to income	-	14,438
Depreciation	5,179	6,193
Change in:		
Accounts receivable	250	250
Grants receivable	108,185	11,306
Prepaid expenses	-	483
Security deposits	2,000	-
Accounts payable and accrued expenses	13,327	(13,883)
Accrued compensation	10,190	7,092
Accrued payroll liabilities	1,132	(12,596)
Deferred revenue	13,760	-
Net operating cash flows	<u>\$ 101,517</u>	<u>\$ (4,911)</u>

See the auditor's report and the accompanying notes

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

Notes to Financial Statements

June 30, 2016

NOTE 1: NATURE OF THE ORGANIZATION

Big Brothers Big Sisters of Palm Beach and Martin Counties Inc. (the “Organization”) 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.

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 Counties. 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.

- 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. Additionally, the corporation’s curriculum based programming is also offered to small groups of targeted teens who are not matched with volunteer mentors.
- 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.
- 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America, and are in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-205 *Not-for-Profit Entities Presentation of Financial Statements*. These financial statements are prepared on the accrual basis of accounting and reports 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.

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

Notes to Financial Statements

June 30, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains deposits at local financial institutions located in Martin and Palm Beach Counties, Florida. The Federal Deposit Insurance Corporation insures deposits up to \$250,000. At June 30, 2016 the Organization had no uninsured deposits. The Organization also keeps gift cards on hand for purposes of the Season to Share program. These gift cards are included in the cash and cash equivalents of the Organization and totaled \$4,100 as of June 30, 2016.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Property and Equipment

The Organization capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to five years.

Contributed Services

In order to operate various programs, the Organization relies on the donated time and services of volunteers. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of services that assist the Organization, but these services do not meet the criteria for recognition as contributed services in the financial statements. Other services that can be identified with certain amounts would be reflected in the financial statements as in-kind contributions.

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

Notes to Financial Statements

June 30, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable

The Organization recognizes income from reimbursement grants as of the date on which the contracted reimbursable expenses have been incurred. Any amounts not received by that date are reported as grants receivable and recognized as grant income.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

Advertising

The Organization expenses advertising costs as they are incurred. Expenses for the year ended June 30, 2016 were \$8,829.

Estimates

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

NOTE 3: PREPAID EXPENSES

The Organization prepays its insurance and security expense and recognizes the amount paid as an expense on a monthly basis over the term of the contract.

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

Notes to Financial Statements

June 30, 2016

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2016 consist of the following:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 87,518	\$ 63,088
Accumulated depreciation	(63,495)	(58,316)
Total property and equipment, net	<u>\$ 24,023</u>	<u>\$ 4,772</u>

For the year ended June 30, 2016, the Organization recorded depreciation expense of \$5,179.

NOTE 5: GRANTS AND ACCOUNTS RECEIVABLE

Accounts receivable consist of promises to give and other pledges made but not received as of the close of the Organization's fiscal year. There was no balance in this account as of June 30, 2016.

Grants receivable consist of the following at June 30:

	<u>Balance at June 30, 2016</u>	<u>Balance at June 30, 2015</u>
OJJDP-MEG	\$ -	\$ 25,687
BBBS State-BISS	788	25,710
BBBS State MCIP	2,296	21,402
Children's Services Council	9,773	42,236
City of WPB-CDBG	-	6,007
Total grants receivable	<u>\$ 12,857</u>	<u>\$ 121,042</u>

NOTE 6: ACCRUED COMPENSATION

The Organization records wages and related paid-time-off (PTO) expense as incurred. PTO for eligible employees is based on the amount earned, but not used, on each employee's anniversary date. In accordance with the Organization's policy, up to five PTO days may be carried over to the next year at the end of each anniversary date; all other days will be forfeited. As of June 30, 2016 the Organization had \$34,761 in accrued compensation liability, of which \$17,406 was attributable to PTO, \$10,769 was attributed to Executive Director bonus, and \$ 6,586 was attributed to other accrued wages.

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

Notes to Financial Statements

June 30, 2016

NOTE 7: OPERATING LEASES

The Organization entered into a month-to-month lease on April 16, 2014 for its Stuart location. The final rent payment for this lease was paid February 1, 2016. On February 24, 2016 the Organization entered into an annual term lease with the Children's Services Council of Martin County. The lease is effective for one year, commencing on March 1, 2016, and shall automatically renew for an additional one year term on the same terms and conditions. An office was leased in July 2011 for the West Palm Beach operations. The primary lease term started on July 28, 2011 and ended on August 31, 2013. The Organization exercised its option under the first renewal term that extended the lease until August 31, 2015. A final extension was made in August 2015 to extend the lease until August 31, 2017. Beginning September 1, 2015, rent will increase to \$2,026 per month and again to \$2,087 per month beginning September 1, 2016.

The monthly rent for the West Palm Beach office was \$1,910 for the period 9/1/13 to 8/31/14 and \$1,967 for the period 10/1/14 to 8/31/15. There are no additional renewal options on this lease past August 31, 2017. Total rent expense paid under this lease for the year ended June 30, 2016 was \$24,252.

The total rent paid under the Stuart office leases for the year ended June 30, 2016 was \$11,200 and \$1,949 to GFK and Children's Services Council of Martin County, respectively.

A copier was leased from Dex Imaging on April 7, 2015 for sixty-three (63) months for a payment of \$423 per month, including applicable taxes. Total copier lease expense for the year ended June 30, 2016 was \$5,273.

Phone equipment was leased from Windstream on September 8, 2015. The payments vary per month but are approximately \$1450 per month. This lease expires January 2018. Total phone equipment lease expense for the year was \$10,946.

At June 30, 2016 the future minimum lease payments required for the following five years are:

June 30, 2016	\$	29,270
June 30, 2017		29,998
June 30, 2018		9,250
June 30, 2019		5,076
June 30, 2020		4,230
Total minimum lease obligations	\$	<u>77,824</u>

NOTE 8: LINES OF CREDIT

On February 23, 2012 the Organization entered into a line of credit agreement with PNC Bank. The total available under the line is \$100,000 with a variable rate based on a .75% margin over the indexed rate published in the Money Rates section of the Wall Street Journal for the last day of the preceding calendar year. This line was extended on October 29, 2015 until February 23, 2017. \$508 in interest was paid on this line for the year ended June 30, 2016. The rate as of June 30, 2016 was 4.00%.

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

Notes to Financial Statements

June 30, 2016

NOTE 8: LINES OF CREDIT (continued)

On October 9, 2013 the Organization entered into a ten-year revolving line of credit agreement with Seacoast National Bank. The principal amount of the line is \$75,000 with monthly payments of accrued unpaid interest beginning on November 9, 2013. The interest rate under this agreement is variable based on 1 percentage point over the Wall Street Journal Prime indexed rate and may change not more often than each day. The interest rate will not be less than 3.5% at any time during the term of this loan. The rate as of June 30, 2016 was 4.5%.

Outstanding balances under each of these lines of credit as of June 30, 2016 are as follows:

Maturity Date	Maximum Availability	Outstanding Principal Balance	Letters of Credit Issued	Amount Available	Current Portion of Debt	Long-term Portion of Debt
2/23/2017	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ -
10/9/2023	75,000	-	-	75,000	-	-
TOTALS	\$ 175,000	\$ -	\$ -	\$ 175,000	\$ -	\$ -

NOTE 9: GRANTS

Children's Services Council of Martin County and United Way

The Children's Services Council of Martin County grant of \$152,146 was awarded for the period July 1, 2015 to June 30, 2016 and supports site and community mentoring, small group programming for teens, and group activities of the agency throughout Martin County under the Start Something program. This is a reimbursement type grant for actual costs incurred. For the year ended June 30, 2016, \$150,583 was received under this grant. The grant was renewed for the period July 1, 2016 through June 30, 2017 in the amount of \$152,146.

The Organization received a grant of \$28,636 from the United Way of Martin County Grant for the period July 1, 2015 through June 30, 2016. The Grant funds the Start Something program. Individual United Way contributions from donor payroll deductions were reported in contributions.

Big Brothers Big Sisters Association of Florida, Inc.

The Organization received a grant as a sub-contractor from the Big Brothers Big Sisters of Greater Miami Inc. from the office of Juvenile Justice and Delinquency prevention during 2013. This agreement was extended until June 30, 2016 and provides for \$76,250 in funds. A total of \$72,704 was received for the year ended June 30, 2016. This is a reimbursement type grant for actual costs incurred. A grant management fee of 8% is deducted by the granting organization for managing the grant. A total of \$6,000 in grant management fees were paid for this grant for the year ended June 30, 2016. This grant was not renewed for the 2017 fiscal year.

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

Notes to Financial Statements

June 30, 2016

NOTE 9: GRANTS (continued)

Big Brothers Big Sisters Association of Florida Inc. grant of \$200,382 was awarded for the period July 1, 2015 to June 30, 2016 to support the school based mentoring program. A grant management fee of 5% is deducted from this grant by the granting organization for managing the grant. For the year ended June 30, 2016, \$203,138 was earned and \$10,019 in grant management fees was recognized for this grant. This grant was increased to roughly \$368,113 for the year ended June 30, 2017. Big Brothers Big Sisters Association of America Inc. grant of \$1,310 was to support the mentoring program.

Other Grants

There are grants from various community foundations and associations that support select portions of the Organization's services.

Grant income by major grantor for the year ended June 30 is as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
BBBS State-BISS	\$ 203,138	\$ 407,412
BBBS State MCIP	75,000	71,683
Children's Services Council	150,583	146,707
OJJDP-MEG	14,102	85,234
City of WPB-CDBG	10,938	27,537
United Way of Martin County	28,636	32,887
Other miscellaneous grants	190,332	156,223
Total grant income	<u>\$ 672,729</u>	<u>\$ 927,683</u>

NOTE 10: SPECIAL EVENTS

The Organization's special events revenue consisted of the following fundraisers for the years ended June 30:

	<u>Balance at June 30, 2016</u>	<u>Balance at June 30, 2015</u>
Casino Night	\$ 16,438	\$ 39,554
Santa Open Golf Tournament	41,455	25,103
Taste of Martin County Golf Tournament	14,271	17,223
Taste of Martin County	38,666	54,074
Celebration of Champions	-	16,115
Sigma Phi Fraternity	-	11,127
Summer Slide	38,280	42,274
Miscellaneous events	2,818	1,070
Direct event expenses	(53,951)	(85,927)
Total special event income	<u>\$ 97,977</u>	<u>\$ 120,613</u>

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

Notes to Financial Statements

June 30, 2016

NOTE 11: IN-KIND DONATIONS AND CONTRIBUTED SERVICES

During the year, many individuals volunteered their time to mentor approximately 750 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 amounts associated with this in-kind donation have not been included in these financial statements as the fair value of these donations has not been determined.

NOTE 12: PENSION PLAN

In November 2002, the Organization 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 Organization did not contribute to the plan for the year ending June 30, 2016.

NOTE 13: RELATED PARTY TRANSACTIONS

The Organization is affiliated with Big Brothers Big Sisters Association of America and Big Brothers Big Sisters Association of Florida. During the year ended June 30, 2016 the following related party transactions were reported.

	<u>Grant Income</u>	<u>Dues Paid</u>	<u>Grant Management Fee</u>
BB BS of America	\$ 1,310	\$ 17,135	\$ -
BB BS of Florida	\$ 205,012	\$ 5,168	\$ 10,019

The Organization has members of its Board of Directors that are associated with companies that the Organization uses for I.T. services and the purchase of computers. During the year ended June 30, 2016 the Organization paid \$7,381 for I.T. services and computers to a company associated with members of the Board of Directors, in arms-length transactions. The Organization procured estimates from three vendors.

NOTE 14: ECONOMIC DEPENDENCE

The Organizations operations are substantially dependent on the receipt of support and revenues from grants and donations. Loss of these funds or large decreases in this type of funding would have a material effect on the financial position and operations of the Organization.

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

Notes to Financial Statements

June 30, 2016

NOTE 14: ECONOMIC DEPENDENCE (continued)

The Organization will not be receiving the MCIP grant for the State of Florida, Department of Juvenile Justice in the 2017 fiscal year. At June 30, 2016, the Organization had received \$75,000 from this grant. This grant was responsible for 12% of total contribution revenue in 2016.

NOTE 15: UNCERTAINTIES AND CONTINGENCIES

The Organization utilizes legal counsel to address various claims that may be encountered during its operations and maintains liability insurance with coverage limits deemed adequate to protect the Organization should any claims arise. During the year a claim was brought against the Organization by a former employee. The Organization has a \$2,500 deductible for such claims after payment of which, its insurance policy covers expenses up to the policy limit. The outcome of this claim is not reasonably determinable as of the date of issuance of these financial statements, but the Organization does not expect the outcome to have an adverse effect on the Organization's continuing operations.

NOTE 16: EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 30, 2016, the date which the financial statements were available to be released.