

**Big Brothers Big Sisters
of Tampa Bay, Inc.**

Financial Statements

August 31, 2018 and 2017

and

Reports of Independent
Certified Public Accountants



BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Big Brothers Big Sisters of Tampa Bay, Inc.
Tampa, Florida

Report on Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of Tampa Bay, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended August 31, 2018, 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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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 Tampa Bay, Inc. as of August 31, 2018 and 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General, State of Florida is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, 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.

PDR CPAs + Advisors

Oldsmar, Florida
November 12, 2018

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
Cash	\$ 1,194,879	\$ 1,157,267
Restricted cash	7,676	8,907
Grants receivable	368,297	248,778
Unconditional promises to give, net	67,581	110,418
Other receivables	44,171	154,841
Beneficial interest in a perpetual trust - CFTB	252,809	244,123
Beneficial interest in a perpetual trust - PCF	13,880	13,850
Property and equipment, net	403,104	426,495
Other assets	147,457	178,140
Total Assets	\$ 2,499,854	\$ 2,542,819
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 248,480	\$ 216,536
Deferred revenue	180,065	328,139
Notes payable, net	124,196	140,383
Total liabilities	552,741	685,058
Net Assets		
Unrestricted	1,388,542	1,414,247
Temporarily restricted	291,882	185,541
Permanently restricted	266,689	257,973
Total net assets	1,947,113	1,857,761
Total Liabilities and Net Assets	\$ 2,499,854	\$ 2,542,819

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	Unrestricted	Temporarily	Permanently	Total	
		Restricted	Restricted	2018	2017
Public Support and Revenue					
Public Support:					
United Way	\$ 413,096	\$ -	\$ -	\$ 413,096	\$ 467,232
Government support	2,547,256	-	-	2,547,256	1,875,535
Scholarship revenue	-	12,054	-	12,054	-
Contributions	212,435	220,614	4,680	437,729	643,029
Special events, net of direct costs of \$564,554	1,187,119	-	-	1,187,119	1,331,094
Foundations and grants	579,886	-	-	579,886	704,779
Wills and bequests	58,174	-	-	58,174	-
Social entrepreneurship	40,796	-	-	40,796	1,417
Investment income	7,513	9	16,103	23,625	27,758
Net assets released from restriction	138,403	(126,336)	(12,067)	-	-
Total public support and revenue	5,184,678	106,341	8,716	5,299,735	5,050,844
Expenses					
Program services	4,370,585	-	-	4,370,585	4,379,462
Supporting services:					
Management and general	293,808	-	-	293,808	283,741
Fundraising	557,902	-	-	557,902	615,260
Total program and supporting services	5,222,295	-	-	5,222,295	5,278,463
Change in Net Assets Before Other Changes	(37,617)	106,341	8,716	77,440	(227,619)
Other Changes - Revenue (Expense)					
Other income	11,912	-	-	11,912	398,896
Loss on asset disposal	-	-	-	-	(318)
Total other changes	11,912	-	-	11,912	398,578
Change in Net Assets	(25,705)	106,341	8,716	89,352	170,959
Net Assets at Beginning of Year	1,414,247	185,541	257,973	1,857,761	1,686,802
Net Assets at End of Year	\$ 1,388,542	\$ 291,882	\$ 266,689	\$ 1,947,113	\$ 1,857,761

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Public Support:				
United Way	\$ 467,232	\$ -	\$ -	\$ 467,232
Government support	1,875,535	-	-	1,875,535
Contributions	541,401	98,128	3,500	643,029
Special events, net of direct costs of \$485,546	1,331,094	-	-	1,331,094
Foundations and grants	704,779	-	-	704,779
Social entrepreneurship	1,417	-	-	1,417
Investment income	4,536	14	23,208	27,758
Net assets released from restriction	234,334	(225,112)	(9,222)	-
Total public support and revenue	5,160,328	(126,970)	17,486	5,050,844
Expenses				
Program services	4,379,462	-	-	4,379,462
Supporting services:				
Management and general	283,741	-	-	283,741
Fundraising	615,260	-	-	615,260
Total program and supporting services	5,278,463	-	-	5,278,463
Change in Net Assets Before Other Changes	(118,135)	(126,970)	17,486	(227,619)
Other Changes - Revenue (Expense)				
Other income	398,896	-	-	398,896
Loss on asset disposal	(318)	-	-	(318)
Total other changes	398,578	-	-	398,578
Change in Net Assets	280,443	(126,970)	17,486	170,959
Net Assets at Beginning of Year	1,133,804	312,511	240,487	1,686,802
Net Assets at End of Year	\$ 1,414,247	\$ 185,541	\$ 257,973	\$ 1,857,761

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	Supporting Services			Total Supporting Services	Total	
	Program Services	Management and General	Fundraising		2018	2017
Salaries	\$2,847,366	\$ 205,834	\$ 377,362	\$ 583,196	\$3,430,562	\$3,293,438
Employee benefits	286,758	20,730	38,004	58,734	345,492	339,128
Payroll taxes	201,993	14,602	26,770	41,372	243,365	234,436
Total salaries and related expenses	3,336,117	241,166	442,136	683,302	4,019,419	3,867,002
In-kind advertising	12,750	-	2,250	2,250	15,000	287,475
In-kind program	120,991	-	-	-	120,991	53,902
Professional fees	84,969	6,142	11,261	17,403	102,372	115,207
Rent	127,276	9,201	16,868	26,069	153,345	124,880
Program expenses	153,202	-	-	-	153,202	145,094
Office	91,083	6,583	12,071	18,654	109,737	105,439
Insurance	78,183	5,652	10,362	16,014	94,197	93,715
Dues	50,170	3,627	6,649	10,276	60,446	61,234
Telephone	90,175	6,519	11,951	18,470	108,645	80,291
Bad debt	-	-	17,005	17,005	17,005	51,943
Printing	54,479	3,938	7,220	11,158	65,637	68,838
Agency activities	13,409	969	1,777	2,746	16,155	23,767
Miscellaneous	35,956	2,599	4,765	7,364	43,320	50,010
Utilities	10,585	765	1,403	2,168	12,753	12,928
Postage	8,243	596	1,092	1,688	9,931	11,997
Conferences and conventions	26,362	1,906	3,494	5,400	31,762	35,301
Interest expense	4,768	345	632	977	5,745	6,397
Scholarship awards	10,500	-	-	-	10,500	11,000
Social entrepreneurship	8,807	-	-	-	8,807	9,180
Maintenance	3,591	260	476	736	4,327	8,446
Total expenses before depreciation	985,499	49,102	109,276	158,378	1,143,877	1,357,044
	4,321,616	290,268	551,412	841,680	5,163,296	5,224,046
Depreciation	48,969	3,540	6,490	10,030	58,999	54,417
	\$4,370,585	\$ 293,808	\$ 557,902	\$ 851,710	\$5,222,295	\$5,278,463

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	\$ 89,352	\$ 170,959
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	58,999	54,417
Amortization of loan costs charged to interest expense	270	270
Loss on asset disposal	-	318
(Increase) decrease in:		
Grants receivable	(119,519)	9,557
Unconditional promises to give	42,837	95,020
Other receivables	110,670	(112,353)
Beneficial interest in a perpetual trusts	(8,716)	(17,486)
Other assets	30,683	(105,331)
Increase (decrease) in:		
Accounts payable and accrued expenses	31,943	171,016
Deferred revenue	(148,074)	104,624
Net cash provided by operating activities	88,445	371,011
Cash Flows from Investing Activities:		
Cash paid for purchase of property and equipment	(35,607)	(88,462)
Cash Flows from Financing Activities:		
Principal payments on notes payable	(16,457)	(15,804)
Net Increase in Cash	36,381	266,745
Cash at Beginning of Period (including restricted cash of \$8,907 at August 31, 2017)	1,166,174	899,429
Cash at End of Period (including restricted cash of \$7,676 at August 31, 2018)	\$ 1,202,555	\$ 1,166,174
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for interest	\$ 5,475	\$ 6,127

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE A - NATURE OF ORGANIZATION

Big Brothers Big Sisters of Tampa Bay, Inc. (the Organization) is a not-for-profit organization whose mission is to provide children facing adversity with strong and enduring, professionally supported 1-to-1 relationships that change their lives for the better, forever. With a focus on educational success and avoidance of risky behaviors, the Organization provides services in Hillsborough, Pinellas, Polk, Pasco, Hernando, Citrus, and Sumter Counties. The Organization uses a case management approach to service delivery. The primary providers of direct services are volunteers who serve as mentors through match relationships within community or school-based program components. The Organization thoroughly screens volunteers who make a commitment in order to assure a regular, consistent relationship for the child. Professional staff monitors the service delivery and tracks both the progression of the match relationship and each client and volunteer on a case-by-case basis. Professional staff assists participants in developing and maintaining positive and beneficial mentoring relationships.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Organization presents information regarding its financial position and activities according to three classes of net assets described as follows:

- Unrestricted Net Assets - All resources over which the governing board has discretionary control. The governing board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.
- Temporarily Restricted Net Assets - Resources accumulated through donations or grants for specific operating or capital purpose. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.
- Permanently Restricted Net Assets - Resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. These net assets include the original value of the gift, plus any subsequent additions and any distributions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements include allocation of expenses by function, useful lives of depreciable assets, fair value of certain investment assets, and allowance for uncollectable pledges.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurement

The financial statements are prepared in accordance with an accounting standard, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Cash and Restricted Cash

Cash consists of cash on deposit with financial institutions and petty cash funds. The Organization considers all highly liquid investments with an initial maturity of three months or less as cash. The Organization maintains a separate cash account for the temporarily restricted scholarship funds. This temporarily restricted cash account totaled \$7,676 and \$8,907 at August 31, 2018 and 2017, respectively.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ended August 31, 2018 and 2017, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional promises to give which are due in more than one year are recorded at estimated fair value by discounting future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected contribution collection period. The Organization uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior years' experience and management's analysis of specific promises made. As of August 31, 2018 and 2017, the Organization recorded an allowance of \$15,000 and \$25,000, respectively.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beneficial Interest in a Perpetual Trust

In accordance with guidance related to accounting for contributions held by an organization for the benefit of another organization, which states that organizations that transfer assets to other not-for-profit agencies who specify themselves or their affiliates as the beneficiaries, and has not granted variance power, are not considered expenses and are recorded as a beneficial interest in assets held by others in the statements of financial position at fair value.

Property and Equipment

Property and equipment are recorded at acquisition cost, including costs necessary to prepare the asset for its intended use, or, if donated, at estimated fair value at the date of donation. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the assets ranging from three to thirty-nine years.

Maintenance and repairs are charged to expense as incurred, while renewals and betterments in excess of \$500 are capitalized.

Loan Costs

Loan costs related to the refinance of a mortgage are being amortized on a straight-line basis over the term of the loan. The amount is included in notes payable, net in the statements of financial position.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Federal, state and local government and other grants are recognized as support when performance occurs pursuant to the contract agreement.

Deferred Revenue

Deferred revenue recorded in the statement of financial position consists of sponsorships and donations collected prior to period-end that relate to special events scheduled to take place in the subsequent year.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Noncash Contributions

Donated materials are recorded as support at their fair value at the date of donation. Contributions of services are recorded as support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended August 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements has been recorded as unrestricted support. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services under the financial accounting standards.

Functional Classification of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and functional expenses.

Program and supporting expenses, when specifically identifiable, are classified to the function which incurred the expense. All other expenses are allocated among program, management and general, and fundraising based upon the amount of employee time involved. The percentages are as follows for each of the years ended August 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Program services	84%	83%
Management and general	5%	6%
Fundraising	11%	11%
	<u>100%</u>	<u>100%</u>

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Uncertain Tax Positions

The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal returns are generally open for examination for three years following the date filed.

Reclassifications

Certain amounts in the 2017 financial statement have been reclassified to conform to the 2018 presentation. The change had no impact on the prior year’s change in net assets.

Summarized Comparative Information

The accompanying financial statements include certain prior year summarized comparative total amounts. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended August 31, 2017 from which summarized information was derived.

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at August 31:

	<u>2018</u>	<u>2017</u>
Gross unconditional promises to give	\$ 85,278	\$ 139,884
Less: Unamortized discount	(2,697)	(4,466)
Less: Allowance for doubtful accounts	<u>(15,000)</u>	<u>(25,000)</u>
Net unconditional promises to give	<u>\$ 67,581</u>	<u>\$ 110,418</u>
Amounts due in:		
Less than one year	\$ 41,538	\$ 54,957
One to five years	39,810	77,467
Thereafter	<u>3,930</u>	<u>7,460</u>
	<u>\$ 85,278</u>	<u>\$ 139,884</u>

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE C - UNCONDITIONAL PROMISES TO GIVE - CONTINUED

As of August 31, 2018 and 2017, approximately \$17,000 and \$52,000, respectively, was deemed uncollectible and written off to bad debt expense.

NOTE D - BENEFICIAL INTEREST IN A PERPETUAL TRUST

The Organization receives income from certain endowment funds that are neither in the Organization's possession nor under its control. These external endowment assets are held in perpetuity and are invested and managed by outside trustees in accordance with trust agreements as directed by the donors.

In 2002, the Organization established an endowment account with the Pinellas Community Foundation (PCF) in the amount of \$10,000. It is the intent of the donors and the Organization to accumulate donations and earnings until the fund reaches a balance of \$25,000. In 2009, the Organization established the Charles Manly endowment account with the Community Foundation of Tampa Bay (CFTB). Although the Organization does not have the right to receive the endowment assets per the Trust Agreement, the contribution to the endowment fund is considered an asset of the Organization as it has been named beneficiary. Earnings on the endowment funds are periodically distributed to the Organization in accordance with the trust agreement.

In 2013, the Organization established a scholarship endowment account with the Community Foundation of Tampa Bay. The Organization utilized CFTB's Leave a Challenge Grant Program (the Grant Program) which incorporates a one-to-three match. The Organization had a goal of raising \$50,000 with \$37,500 to be raised by the Organization and \$12,500 to be awarded through the Grant Program. In January 2014, the Organization was awarded the challenge grant by CFTB. Although the Organization does not have the right to receive the endowment assets per the Trust Agreement, the contribution to the endowment fund is considered an asset of the Organization as it has been named beneficiary. Earnings on the endowment funds are distributed to the Organization semi-annually at a distribution rate between 3.5% - 5.5% of the fund's balance as of December 31st of the year preceding the distribution. For 2018, the spending policy is 4% of the December 31, 2017 endowment account balance. For 2017, the spending policy is 4% of the December 31, 2016 endowment account balance.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE E - FAIR VALUE MEASUREMENT

The Organization's investments are reported at fair value in the accompanying statements of financial position. Following is a description of valuation methodologies used for investments measured at fair value.

Beneficial interest in a perpetual trust - The investments are managed by a third party which is unrelated to this organization. The trust assets are valued based upon the third party information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values.

Fair values of assets measured on a recurring basis at August 31, 2018 are as follows:

Fair Value Measurements at Reporting Date Using				
Description	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Investments:				
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 266,689	\$ 266,689

Fair values of assets measured on a recurring basis at August 31, 2017 are as follows:

Fair Value Measurements at Reporting Date Using				
Description	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Investments:				
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 257,973	\$ 257,973

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE E - FAIR VALUE MEASUREMENT - CONTINUED

The following is a summary of changes in the fair value of the Organization's Level 3 assets for the years ended August 31:

	<u>2018</u>	<u>2017</u>
Balance, September 1	\$ 257,973	\$ 240,487
Contributions	4,680	3,500
Released from restriction	(12,067)	(9,222)
Investment income	16,103	23,208
	<u>16,103</u>	<u>23,208</u>
Balance, August 31	<u>\$ 266,689</u>	<u>\$ 257,973</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 429,447	\$ 429,869
Land	44,000	44,000
Office equipment	348,384	357,809
Leasehold improvements	11,867	9,130
	<u>833,698</u>	<u>840,808</u>
Less accumulated depreciation	<u>(430,594)</u>	<u>(414,313)</u>
	<u>\$ 403,104</u>	<u>\$ 426,495</u>

NOTE G - LINE-OF-CREDIT

The Organization had a \$400,000 revolving line-of-credit available at a financial institution at August 31, 2018 and 2017, with no stated maturity date. The interest rate on this line-of-credit is LIBOR plus 2.875% (4.50% and 4.60% at August 31, 2018 and 2017, respectively). There were no amounts outstanding on the line-of-credit at August 31, 2018 and 2017. The Organization had \$400,000 available for use at August 31, 2018 and 2017.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE H - NOTES PAYABLE

Notes payable consist of the following at August 31:

	2018	2017
Mortgage payable to a bank, due in monthly installments of \$1,828 including interest at 4.0%, due May 2025, collateralized by the real estate	\$ 125,991	\$ 142,448
Loan costs	(2,695)	(2,695)
Accumulated amortization	900	630
Notes payable, net	\$ 124,196	\$ 140,383

The following is a summary of the future debt maturities and future amortization of loan costs during each of the following years ending:

August 31,	Debt Service	Amortization
2019	\$ 17,001	\$ 270
2020	17,692	270
2021	18,435	270
2022	19,196	270
2023	19,990	270
Thereafter	33,677	445
	\$ 125,991	\$ 1,795

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Virtually all of the restrictions on net assets for the years ended August 31, 2018 and 2017 are related to funds received from private foundations, corporate donors, grants, and time restricted multi-year pledges. Certain of the use-restricted funds are restricted for the purpose of match events and activities.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE I - TEMPORARILY RESTRICTED NET ASSETS - CONTINUED

At August 31, 2018 and 2017, net assets were temporarily restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Time-restricted	\$ 80,812	\$ 135,418
Use restricted:		
Scholarship Fund	7,676	6,113
Match Activities	56,247	35,279
Military Mentoring	14,275	8,256
Bigs in Blue	54,622	-
School to Work	42,000	-
Mentoring Children of Incarcerated Parent	11,250	-
Big Futures	25,000	-
Other	-	475
	<u>\$ 291,882</u>	<u>\$ 185,541</u>

Net assets released from restrictions were comprised of the following:

	<u>2018</u>	<u>2017</u>
Time-restricted	\$ 58,106	\$ 160,197
Use restricted:		
Scholarship Fund	10,500	11,000
Match Activities	36,482	31,356
Military Mentoring	12,770	18,459
Bigs in Blue	2,878	-
School to Work	1,375	-
Mentoring Children of Incarcerated Parent	3,750	-
Other	475	4,100
	<u>\$ 126,336</u>	<u>\$ 225,112</u>

NOTE J - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at August 31, 2018 and 2017 consist of a beneficial interest in a perpetual trust with PCF for \$13,880 and \$13,850 at August 31, 2018 and 2017, respectively. The income from this trust is expendable in an unrestricted manner. The Organization also has a beneficial interest in a perpetual trust with CFTB for \$252,809 and \$244,123, at August 31, 2018 and 2017, respectively. The earnings from this trust are accumulated in the trust account and distributions to the Organization are based on an approved spending policy of CFTB to be expended for scholarships (see **NOTE D**). Net assets released from restriction totaled \$12,067 and \$9,222 at August 31, 2018 and 2017, respectively.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE K - CONTRIBUTED SERVICES AND MATERIALS

During the years ended August 31, 2018 and 2017, approximately \$310,000 and \$427,000, respectively, of services and materials were donated to the Organization and reported as unrestricted support in the statements of activities. These contributions included donated advertising, tickets for match activities, property and equipment, and donated event auction items.

NOTE L - COMMITMENTS AND CONTINGENCIES

The Organization leases certain equipment under various operating leases. The terms of these leases range from 36 months to 63 months. The total expense paid during the years ended August 31, 2018 and 2017 related to these leases were approximately \$229,000 and \$206,000, respectively.

Based on the terms of the agreements, minimum payments due on all leases are as follows:

<u>Years Ending August 31,</u>	<u>Amount</u>
2019	\$ 246,944
2020	207,076
2021	191,673
2022	54,356
2023	<u>35,451</u>
	<u>\$ 735,500</u>

NOTE M - RETIREMENT PLAN

The Organization has a 401k plan to which it may match a portion of eligible employee contributions. The Organization is not required to make a contribution in any given year. Contributions made during the years ended August 31, 2018 and 2017 were \$19,771 and \$16,290, respectively.

NOTE N - CONCENTRATION OF RISK

The Organization receives a substantial amount of support from grantor agencies for its programs (approximately 56% and 46% for the years ended August 31, 2018 and 2017), consisting of \$413,096 and \$467,232 from the United Way and \$2,547,256 and \$1,875,535 from various state and local grants. If support from one or more of these granting agencies were to be reduced or eliminated, it could affect the operation of the supported programs. In addition, the Organization is subject to audit examination by grantor agencies. In the event that reimbursed expenditures were disallowed, repayments would be required.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE O - RELATED PARTY

The Organization is charged an annual support service fee by Big Brothers Big Sisters of America (National Office) and Big Brothers Big Sisters Association of Florida (State Office) based on a percentage of annual expenditures. This fee is for organizational and management services provided by the National and State offices. The Organization recognized national and state support expense of approximately \$62,000 and \$63,000 for the years ended August 31, 2018 and 2017, respectively, and is included in dues expense on the statement of functional expenses.

NOTE P - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 12, 2018, the date the financial statements were available and issued. The Organization is not aware of any subsequent events which would require recognition or disclosures in the financial statements.

SUPPLEMENTARY INFORMATION

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 2018**

Florida State Agency/ Program Title/ Florida State Project Title	CSFA Number	Contract Number	Expenditures
State of Florida Department of Education			
Passed through:			
Big Brothers Big Sisters Association of Florida, Inc.			
Bigs in Schools/Sites Program			
Bigs Inspiring Scholastic Success			
	48.068	96448	<u>\$ 587,246</u>
State of Florida Department of Juvenile Justice			
Passed through:			
Big Brothers Big Sisters Association of Florida, Inc.			
Delinquency Protection			
Mentoring Children of Incarcerated Parents			
	80.029	10525	<u>344,248</u>
State of Florida Department of Economic Opportunity			
Passed through:			
Big Brothers Big Sisters Association of Florida, Inc.			
Workplace Mentoring			
School to Work			
	40.037	WL025	<u>36,946</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 968,440</u></u>

See accompanying notes to schedule of expenditures of state financial assistance

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 2018

BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (Schedule) includes the State of Florida project activity of Big Brothers Big Sisters of Tampa Bay, Inc. and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations and the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida. Because the Schedule presents only a selected portion of the operations of Big Brothers Big Sisters of Tampa Bay, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Big Brothers Big Sisters of Tampa Bay, Inc.

CONTINGENCIES

Expenditures incurred by the Organization are subject to audit and possible disallowance by the State of Florida Departments of Education, Juvenile Justice, and Economic Opportunity. Management believes that if audited, any adjustments for disallowed expenses would be immaterial in amount.



**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
Big Brothers Big Sisters of Tampa Bay, Inc.
Tampa, Florida

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 Tampa Bay, Inc. (the Organization) which comprise the statement of financial position as of August 31, 2018, 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 November 12, 2018.

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 entity'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

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

PDR CPAs + Advisors

Oldsmar, Florida
November 12, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, RULES OF THE
AUDITOR GENERAL, STATE OF FLORIDA**

To the Board of Directors
Big Brothers Big Sisters of Tampa Bay, Inc.
Tampa, Florida

Report on Compliance for Each Major State Project

We have audited Big Brothers Big Sisters of Tampa Bay, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *Florida Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended August 31, 2018. The Organization's major state projects are identified in the summary of audit 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 State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects 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 Chapter 10.650, Rules of the Auditor General, State of Florida. Those standards and Chapter 10.650, Rules of the Auditor General, State of Florida 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 state project 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 state project. However, our audit does not provide a legal determination of the Organization's compliance.

CONTINUED

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, RULES OF THE
AUDITOR GENERAL, STATE OF FLORIDA -
CONTINUED**

Opinion on Each Major State Project

In our opinion, Big Brothers Big Sisters of Tampa Bay, Inc. 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 state projects for the year ended August 31, 2018.

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 state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, State of Florida, 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 state project 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 state project 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 state project 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 Chapter 10.650, Rules of the Auditor General, State of Florida. Accordingly, this report is not suitable for any other purpose.

PDR CPAs + Advisors

Oldsmar, Florida
November 12, 2018

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS
YEAR ENDED AUGUST 31, 2018**

Part I - Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Significant deficiencies identified not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Project Section

Internal control over major state projects:

Material weaknesses identified? yes X no

Significant deficiencies identified not considered to be material weaknesses? yes X none reported

Type of auditor's report on compliance for major state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 yes X no

Identification of Major State Project:

CSFA Number	Name of Project
48.068	State of Florida Department of Education Passed through: Big Brothers Big Sisters Association of Florida, Inc. Bigs in Schools/Sites Program
80.029	State of Florida Department of Juvenile Justice Passed through: Big Brothers Big Sisters Association of Florida, Inc. Delinquency Protection Mentoring Children of Incarcerated Parent

Dollar threshold used to determine Type A State Project: \$ 290,532

Auditee qualified as low-risk auditee? yes X no

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS - CONTINUED
YEAR ENDED AUGUST 31, 2018**

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weakness, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no reportable findings.

Part III – State Project Findings and Questioned Costs

This section identifies the significant deficiencies, material weakness, and instances of noncompliance, including questioned costs, related to the audit of major state projects, as required to be reported by Chapter 10.650, Rules of the Auditor General, State of Florida.

There were no reportable findings.

Part IV - Summary Schedule of Prior Audit Findings

A Summary Schedule of Prior Audit Findings is not necessary since there were no prior audit findings related to a major state project.