

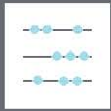
**BIG BROTHERS BIG SISTERS  
OF MIAMI, INC.**

FINANCIAL STATEMENTS, INDEPENDENT  
AUDITORS' REPORT AND  
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Big Brothers Big Sisters of Miami, Inc.  
Miami, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Big Brothers Big Sisters of Miami, Inc. (the "Organization") (a non-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 controls 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 controls. 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the Organization's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Verdeja DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 6, 2017

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

<b>ASSETS</b>		
	2017	2016
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 141,403	\$ 312,696
Accounts receivable	353,554	268,008
Contributions receivable, net	209,500	7,500
Prepaid expenses	163,348	147,406
Investments, temporarily restricted of \$959,933 and \$603,733, respectively	1,418,561	1,632,059
Deposits and other assets	5,000	18,696
<b>TOTAL CURRENT ASSETS</b>	<b>2,291,366</b>	<b>2,386,365</b>
CONTRIBUTIONS RECEIVABLE, long-term, net	397,407	-
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment, net of accumulated depreciation of \$162,363 and \$196,440, respectively	67,422	38,351
<b>TOTAL ASSETS</b>	<b>\$ 2,756,195</b>	<b>\$ 2,424,716</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other accrued expenses	\$ 335,025	\$ 282,486
Deferred revenues	10,200	26,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>345,225</b>	<b>308,986</b>
<b>TOTAL LIABILITIES</b>	<b>345,225</b>	<b>308,986</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted	\$ 1,451,037	\$ 1,511,997
<b>TOTAL UNRESTRICTED</b>	<b>1,451,037</b>	<b>1,511,997</b>
Temporarily restricted		
George De Silver Memorial Camp fund	84,515	84,515
Carnival Cruise Line and other scholarship fund	344,596	288,396
Five Millers Scholarship fund	530,822	230,822
<b>TOTAL TEMPORARILY RESTRICTED</b>	<b>959,933</b>	<b>603,733</b>
<b>TOTAL NET ASSETS</b>	<b>2,410,970</b>	<b>2,115,730</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,756,195</b>	<b>\$ 2,424,716</b>

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

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
<b>PUBLIC SUPPORT:</b>			
United Way	\$ 303,124	\$ -	\$ 303,124
Federal, state and local grants	918,023	-	918,023
Foundation grants	336,837	13,625	350,462
Associated organizations	1,438,600	-	1,438,600
Annual/major giving	279,460	500,000	779,460
Rental income	20,133	-	20,133
Special events, net of direct costs of \$482,774	1,066,152	-	1,066,152
Cause related marketing, net of direct costs of \$92,506	80,188	-	80,188
In-kind contributions	178,276	-	178,276
<b>TOTAL PUBLIC SUPPORT</b>	<u>4,620,793</u>	<u>513,625</u>	<u>5,134,418</u>
Net assets released from restrictions	157,425	(157,425)	-
INVESTMENT INCOME, net of fees	62,266	-	62,266
OTHER REVENUE	11,311	-	11,311
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>4,851,795</u>	<u>356,200</u>	<u>5,207,995</u>
<b>EXPENSES</b>			
Program services	4,169,046	-	4,169,046
Supporting services	427,104	-	427,104
Fundraising	316,605	-	316,605
<b>TOTAL EXPENSES</b>	<u>4,912,755</u>	<u>-</u>	<u>4,912,755</u>
<b>CHANGE IN NET ASSETS</b>	(60,960)	356,200	295,240
Net assets, beginning of year	1,511,997	603,733	2,115,730
Net assets, end of year	<u>\$ 1,451,037</u>	<u>\$ 959,933</u>	<u>\$ 2,410,970</u>

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

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
<b>PUBLIC SUPPORT:</b>			
United Way	\$ 348,249	\$ -	\$ 348,249
Federal, state and local grants	734,269	-	734,269
Foundation grants	216,678	161,100	377,778
Associated organizations	798,351	-	798,351
Annual/major giving	104,495	21,450	125,945
Special events, net of direct costs of \$481,115	785,934	-	785,934
Cause related marketing, net of direct costs of \$189,802	158,535	-	158,535
In-kind contributions	160,584	-	160,584
<b>TOTAL PUBLIC SUPPORT</b>	<u>3,307,095</u>	<u>182,550</u>	<u>3,489,645</u>
Net assets released from restrictions	181,493	(181,493)	-
INVESTMENT INCOME, net of fees	218	-	218
OTHER REVENUE	84,075	-	84,075
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>3,572,881</u>	<u>1,057</u>	<u>3,573,938</u>
<b>EXPENSES</b>			
Program services	3,089,720	-	3,089,720
Supporting services	477,587	-	477,587
Fundraising	256,128	-	256,128
<b>TOTAL EXPENSES</b>	<u>3,823,435</u>	<u>-</u>	<u>3,823,435</u>
<b>CHANGE IN NET ASSETS</b>	(250,554)	1,057	(249,497)
Net assets, beginning of year	1,762,551	602,676	2,365,227
Net assets, end of year	<u>\$ 1,511,997</u>	<u>\$ 603,733</u>	<u>\$ 2,115,730</u>

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

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017				2016			
	Program Services	Supporting Services	Fundraising	Total Expenses	Program Services	Supporting Services	Fundraising	Total Expenses
Employee Costs:								
Salaries	\$ 2,150,632	\$ 253,016	\$ 126,508	\$ 2,530,156	\$ 1,766,166	\$ 331,156	\$ 110,385	\$ 2,207,707
Payroll taxes	152,143	17,899	8,950	178,992	134,897	25,293	8,431	168,621
Employee benefits	272,809	32,095	16,048	320,952	232,488	24,846	26,409	283,743
<b>Total Employee Costs</b>	<b>2,575,584</b>	<b>303,010</b>	<b>151,506</b>	<b>3,030,100</b>	<b>2,133,551</b>	<b>381,295</b>	<b>145,225</b>	<b>2,660,071</b>
Operating and other:								
Conferences and meetings	20,750	2,441	1,221	24,412	9,532	475	951	10,958
Computer expense	89,862	2,623	1,312	93,797	6,794	400	799	7,993
Depreciation	17,793	-	-	17,793	-	-	-	-
Dues to national and local Organizations	58,705	-	-	58,705	55,404	-	-	55,404
Equipment rental and maintenance	38,434	4,522	2,261	45,217	16,358	613	1,226	18,197
Insurance	76,811	9,037	4,518	90,366	79,158	4,656	9,313	93,127
Marketing/Recruitment	-	-	14,222	14,222	9,304	-	970	10,274
Other	4,753	14,714	66,687	86,154	-	1,781	1,218	2,999
Occupancy	553,125	23,333	11,667	588,125	167,477	9,852	19,703	197,032
Office expenses and supplies	42,338	4,981	2,490	49,809	8,524	12,336	2,105	22,965
Postage	3,140	369	185	3,694	-	-	-	-
Printing and publication	17,314	2,037	1,018	20,369	16,434	967	1,933	19,334
In-kind contributions	178,276	-	-	178,276	160,584	-	-	160,584
Professional services	113,854	23,959	55,913	193,726	170,734	51,688	70,729	293,151
Telephone	61,286	7,210	3,605	72,101	16,623	978	1,956	19,557
Transportation	45,683	-	-	45,683	37,473	-	-	37,473
Incentives/recognition	4,277	-	-	4,277	735	-	-	735
Volunteer processing expense	23,646	-	-	23,646	28,740	-	-	28,740
Partners Subcontractors	136,969	-	-	136,969	55,882	-	-	55,882
Project Reach (other costs)	23,521	-	-	23,521	24,817	-	-	24,817
Scholarships awarded	82,925	-	-	82,925	91,596	-	-	91,596
Board Retreat	-	28,868	-	28,868	-	12,546	-	12,546
<b>Total operating and other</b>	<b>\$ 1,593,462</b>	<b>\$ 124,094</b>	<b>\$ 165,099</b>	<b>\$ 1,882,655</b>	<b>\$ 956,169</b>	<b>\$ 96,292</b>	<b>\$ 110,903</b>	<b>\$ 1,163,364</b>
<b>TOTAL EXPENSES</b>	<b>\$ 4,169,046</b>	<b>\$ 427,104</b>	<b>\$ 316,605</b>	<b>\$ 4,912,755</b>	<b>\$ 3,089,720</b>	<b>\$ 477,587</b>	<b>\$ 256,128</b>	<b>\$ 3,823,435</b>

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



**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 295,240	\$ (249,497)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	17,793	-
Unrealized/realized (gains) loss on investments	(4,970)	79,336
Bad debt	13,395	
Provision for present value discount	52,593	-
(Increase) Decrease in operating assets:		
Accounts receivable	(98,941)	189,629
Contributions receivable	(652,000)	-
Prepaid expenses	(15,942)	(48,474)
Deposits and other assets	13,696	(4,391)
Increase (Decrease) in operating liabilities:		
Accounts payable and other accrued expenses	52,539	(159,685)
Deferred revenues	(16,300)	(8,500)
<b>TOTAL ADJUSTMENTS</b>	<u>(638,137)</u>	<u>47,915</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(342,897)</u>	<u>(201,582)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(46,864)	(38,351)
Proceeds (Purchases) of investments	218,468	(79,554)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>171,604</u>	<u>(117,905)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(171,293)	(319,487)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>312,696</u>	<u>632,183</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 141,403</u>	<u>\$ 312,696</u>

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

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE 1 – ORGANIZATION**

Big Brothers Big Sisters of Miami, Inc. (the “Organization”) is a not-for-profit organization and is a member of the national federation, Big Brothers Big Sisters of America. As the premier mentoring organization in South Florida, the Organization seeks to strengthen, develop, and secure future leaders in the community by matching vulnerable at-risk children (aged 5-18) with committed adult mentors who provide their time and talents to mentoring them and helping them become productive citizens. For over 59 years, the Organization has successfully engaged thousands of reliable role models (“Bigs”) to help children (“Littles”) achieve success in life. The organizational mission is to provide each child facing adversity with a mentor that awakens them to new possibilities. With a goal of providing every child in need with a personal hero, the Organization is committed to making Miami a dynamic community where children can grow up. Each year, the Organization serves more than 7,000 children, volunteers, and families through programs which are considered the “gold standard” of mentoring in Miami-Dade County.

In addition to the traditional mentoring programs, the Organization now offers wraparound services to the entire family at the new headquarters located at the Carnival Center For Excellence which include: Education, Career Pathways, Digital Learning & Creativity, Music & Arts, and Health & Wellness initiatives. The goal now is to go “Beyond Mentoring” through enhancement services that innovate new ways to help more families. Through a more holistic approach, the Organization proudly provides support and skills to the entire family to have an even greater impact on the Littles, their families, and the community to empower them to succeed through our program opportunities focused on Mentorship, Scholarship, Internship, and Citizenship.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting principles generally accepted in the United States of America (“GAAP”).

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”). The Organization is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted

Unrestricted net assets are free of donor-imposed restrictions and include all revenues, gains, expenses and losses that are not changes in permanently or temporarily restricted net assets. This category includes realized and unrealized gains on endowment and other long-term investments. As of June 30, 2017 and 2016, unrestricted assets totaled \$1,451,037 and \$1,511,997 respectively.

Temporarily Restricted

Temporarily restricted net assets are those net assets whose use by the Organization is limited by donor-imposed stipulations that either expires by the passage of time or that can be fulfilled or otherwise removed by actions of the Organization pursuant to those stipulations. As of June 30, 2017 and 2016, temporarily restricted assets totaled \$959,933 and \$603,733 respectively.

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted Fund

Permanently restricted net assets are those net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. As of June 30, 2017 and 2016 the Organization had no permanently restricted net assets.

Temporarily restricted and board designated funds consisted of the following:

George De Silver Memorial Camp Fund – The camp funds are restricted by donors to provide eligible youths with scholarships to camp.

Five Millers Scholarship and Carnival Cruise Line and Other Scholarship Fund – These funds represent resources restricted by the Five Millers Foundation, Carnival Cruise Line and other donors for the specific purpose of granting college scholarships to eligible youths (graduating “Littles”) in the Big Brothers Big Sisters program.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Organization considers all short term investments with original maturities of three months or less to be cash equivalents.

**Investments**

Investments in marketable securities with readily determinable fair values are valued at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in net investment income in the Statements of Activities. In accordance with the Organization’s investment policy, money market funds held in the investment portfolio are considered investments in conjunction with the policy’s long term goals.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 Statements of Activities as net assets released from restrictions.

**Promises to Give**

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes a contribution receivable. Contributions expected to be collected within one year are recorded as support and a receivable at net realizable value. Contributions expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution income in the statement of activities. For contributions received during the year ended June 30, 2017, the discount rate used was 4.25%. Conditional promises to give are not included as support until the conditions are substantially met.

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Donated Goods and Services (In-Kind)**

Donated services are recognized if the services received either create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and services are recognized at their fair value. Contributed materials and service revenues, valued at \$178,276 and \$160,584, and related expense of \$178,276 and \$160,584 are reflected in the accompanying statements of activities for the years ended June 30, 2017 and 2016, respectively.

Additionally, a substantial number of volunteers have donated significant amounts of time to the Organization's program services and fund raising campaigns during the year; however, these donated services are not reflected in the financial statements since the value of services are not readily determinable and the services do not require specialized skills. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

**Equipment**

Donated property is recorded at donor indicated fair market value, at the date of the gift, as unrestricted net assets unless its use is restricted by the donor. Proceeds from the sale of these assets are accounted for as unrestricted unless it is restricted by the donor. Maintenance and repairs, which do not extend the lives of the respective assets, are expensed in the year incurred.

Acquisitions of fixed assets, which cost at least \$1,000, and with a useful life of at least one year are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 7 years for vehicles, furniture and equipment. Leasehold improvements are amortized over the term of the lease.

**Expense Allocation**

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Costs are assigned to program services, support services, or fundraising based on specific identification. Costs benefiting all types of services are primarily allocated based on the estimated utilization by the respective function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates**

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash, cash equivalents and investment securities.

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Organization places its cash and cash equivalents with creditworthy, high-quality financial institutions. At times cash balances may temporarily exceed the Federal Deposit Insurance Coverage Insurance limit of \$250,000. The Organization has not experienced any losses in such accounts. In order to mitigate the risk of such losses, the Organization has a policy in place where cash balances at banking institutions are kept at a minimal balance enough to cover operational cash outflows, additional funds are transferred to the investment money market accounts. The few instances in which the cash balances have exceeded FDIC insurance limits are due to large amounts of cash being deposited in the account and/or outstanding checks pending to clear the bank. However, the duration of these occurrences are no longer than a couple of business days.

The Organization has significant investments in government securities and mutual funds and is therefore subject to concentrations of market risk. Investments are made by investment managers engaged by the Organization and the investments are monitored for the Organization by the board treasurer and by the Finance Committee. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization and its beneficiaries.

The Organization's executive committee actively monitors the activity of the financial instruments and establishes policies for the safeguarding of their assets against credit and market risks.

**Public Support and Revenue**

The Organization's principal source of revenue is derived from state, local and United Way grants, contributions from the community, and other fundraising activities. Based on the Organization's experience with the grantors, management has determined that the related grants and program fees receivable are fully collectible. Consequently, no allowance for doubtful accounts is included in the accompanying financial statements.

**Major Contributors**

For the years ended June 30, 2017 and 2016, the Organization received the following percentage of revenue from major contributors:

<b>Major Contributions</b>	<b>2017</b>	<b>2016</b>
Big Brothers Big Sisters of Miami Foundation	18%	13%
DOS Health Management	9%	-
Federal, state and local grants	18%	21%
Five Millers Foundation	9%	-
United Way	6%	10%
Women's Committee	5%	5%

**Income Taxes**

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at June 30, 2017 and 2016, respectively. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2014.

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Subsequent Events**

The Organization has evaluated subsequent events through December 6, 2017, which is the date the financial statements were available to be issued.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of amounts due to the Organization as of June 30:

	<u>2017</u>	<u>2016</u>
Amounts due in:		
One year or less	\$ 209,500	\$ 7,500
Over one year to five years	450,000	-
Less: discount to present value of 4.25%	(52,593)	-
Contributions receivable, net	<u>\$ 606,907</u>	<u>\$ 7,500</u>

NOTE 4 – INVESTMENTS

Investments consisted of the following at June 30:

	<u>2017</u> <u>Market Value</u>	<u>2016</u> <u>Market Value</u>
General & other investment funds		
Money market	\$ 20,634	\$ 141,577
Equities	330,252	319,438
Fixed income	1,067,675	1,171,044
TOTAL INVESTMENTS	<u>\$ 1,418,561</u>	<u>\$ 1,632,059</u>

Investment income consists of interest, dividends and net realized and unrealized gains (loss) on investments as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends, net of fees	\$ 57,296	\$ 79,554
Unrealized gains (loss)	4,970	(79,336)
	<u>\$ 62,266</u>	<u>\$ 218</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

FASB ASC; “Fair Value Measurement” establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The three levels of the fair value hierarchy under FASB ASC are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2 – Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

The money market portfolio is valued at cost, which approximates fair value.

The Equity Portfolio consists of investments in securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity securities are valued at the closing price reported in the active market in which the individual securities are traded.

The Fixed income portfolio consists of investments that provide returns in the form of fixed periodic payments and the eventual return of principal at maturity. Fixed income is valued based on quoted markets prices in active markets and approximate fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The following tables represents the Organization’s financial instruments measured at fair value on a recurring basis at June 30, 2017 and 2016, respectively, for each of the fair value hierarchy levels:

Description	Fair Value Measurement at June 30, 2017			
	Fair Market Value at 6/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Money market	\$ 20,634	\$ 20,634	\$ -	\$ -
Equities	330,252	330,252	-	-
Fixed income	1,067,675	1,067,675	-	-
	<u>\$ 1,418,561</u>	<u>\$ 1,418,561</u>	<u>\$ -</u>	<u>\$ -</u>

Description	Fair Value Measurement at June 30, 2016			
	Fair Market Value at 6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Money market	\$ 141,577	\$ 141,577	\$ -	\$ -
Equities	319,438	319,438	-	-
Fixed income	1,171,044	1,171,044	-	-
	<u>\$ 1,632,059</u>	<u>\$ 1,632,059</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2017	2016
Furniture and equipment	\$ 208,816	\$ 161,952
Vehicles	-	51,870
Leasehold improvements	20,969	20,969
	<u>229,785</u>	<u>234,791</u>
Less: accumulated depreciation	(162,363)	(196,440)
	<u>\$ 67,422</u>	<u>\$ 38,351</u>



**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE 7 – TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS**

Temporarily restricted and board designated net assets consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Temporarily Restricted Net Assets:		
George De Silver Memorial Camp fund	\$ 84,515	\$ 84,515
Carnival Cruise Line and other scholarship fund	344,596	288,396
Five Miller Foundation Scholarship fund	530,822	230,822
	<u>\$ 959,933</u>	<u>\$ 603,733</u>
These funds are held in:		
Investments in marketable securities	<u>\$ 959,933</u>	<u>\$ 603,733</u>

**NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and the expiration of the time restriction. The following table shows net assets released from restrictions for the years ended June 30, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Purpose restrictions accomplished:		
Five Miller Foundation Scholarship fund	\$ 100,000	\$ 112,043
Other	5,000	3,775
Other scholarships	52,425	65,675
Total net assets released from restrictions	<u>\$ 157,425</u>	<u>\$ 181,493</u>

**NOTE 9 – IN-KIND CONTRIBUTIONS**

Revenues recorded relating to in-kind contributions consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Art	\$ 5,000	\$ -
Cruises	-	4,000
Food	23,448	-
Gift certificates	55,025	-
Hotel/trips	42,275	65,490
Jewelry	6,320	-
Marketing	-	62,959
Other	26,152	19,103
Tickets to special events	20,056	9,032
	<u>\$ 178,276</u>	<u>\$ 160,584</u>

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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NOTE 10 – COMMITMENTS AND CONTINGENCIES

**Operating Leases**

The Organization has entered into various operating leases for rent and office equipment. Rental expenses for these leases for the years ended June 30, 2017 and 2016 was \$250,480 and \$214,781, respectively. The Organization entered into a rent agreement for the use of facilities starting October 1, 2016. The organization has the right to renegotiate the agreement after September 30, 2022. Total future minimum rental payments under the operating leases as of June 30, 2017 are as follows:

Year Ending June 30,	
2018	\$ 454,385
2019	466,331
2020	482,079
2021	486,353
2022	442,862
Thereafter	115,144
Total	<u>\$ 2,447,154</u>

**Managed Service Agreement**

The Organization entered into a managed service agreement for IT service and management for a term of three years with a monthly cost of \$3,900 with an annual increase of 3%. Total future minimum payments under the managed service agreement as of June 30, 2017 are as follows:

Year Ending June 30,	
2018	\$ 48,204
2019	49,650
Total	<u>\$ 97,854</u>

**Retirement Plan**

The Organization has a defined contribution plan covering its full time employees. As of June 30, 2007, employer contributions were suspended and no amounts were contributed during the years ended June 30, 2017 and 2016.

**Line of Credit**

The Organization has an unsecured line of credit totaling \$100,000 available for working capital purposes that bears interest at prime, which was 3.25% at June 30, 2017. There was no balance outstanding as of June 30, 2017 and 2016.

**BIG BROTHERS BIG SISTERS OF MIAMI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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NOTE 11 – RENTAL INCOME

The Organization entered into rental agreements with multiple not for profit organizations for rental space. The agreements expire on various dates through 2022. As of June 30, 2017, the Organization recorded revenue in the amount of approximately \$20,000 which is included on the statement of activities under the caption rental income. Future minimum rental incomes, on these agreements as of June 30, 2017, are as follows:

2018	\$ 99,294
2019	99,294
2020	85,794
2021	25,108
2022	8,333
	<u>\$ 317,823</u>

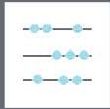
NOTE 12 – RELATED PARTIES

The Women’s Committee, Inc., (the “Committee”) is a related party to the Organization. The Committee’s mission is to support Big Brothers Big Sisters of Miami in assisting thousands of children each year through professional supported, one-on-one relationships with caring adult volunteers. During the years ended June 30, 2017 and 2016, the Organization received \$265,000 and \$210,000, respectively in contributions from The Women’s Committee, Inc. which has been included in the Statements of Activities.

Big Brothers Big Sisters of Miami Foundation, Inc. (the “Foundation”) is a related party to the Organization. During the years ended June 30, 2017 and 2016, the Organization received \$953,600 and \$550,000, respectively in contributions from the Foundation which has been included in the Statements of Activities.

Big Brothers Big Sisters of Miami Institute, Inc. (the “Institute”) is a related party to the Organization. During the years ended June 30, 2017 and 2016, the Organization received \$220,000 and \$38,351, respectively in contributions from the Institute which has been included in the Statements of Activities.

**SUPPLEMENTARY INFORMATION**



INDEPENDENT AUDITORS' 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*

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Board of Directors  
Big Brothers Big Sisters of Miami, Inc.  
Miami, 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 Miami, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of and for the years ended June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2017.

### **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.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 6, 2017