Big Brothers Big Sisters of America

Audited Financial Statements

For the Fiscal Years ended June 30, 2015 and June 30, 2014
INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of America (the Organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of America as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization is the subject of an ongoing government audit and investigation, which has and may continue to impact the liquidity of the Organization. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2015 on our consideration of Big Brothers Big Sisters of America’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 Big Brother’s Big Sisters of America’s internal control over financial reporting and compliance.

Crowe Horwath LLP

Tampa, Florida
September 29, 2015
# Big Brothers Big Sisters of America

**Statements of Financial Position**  
June 30, 2015 and 2014

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,212,927</td>
<td>$6,011,545</td>
</tr>
<tr>
<td>Accounts receivable from affiliated agencies (net of allowance for doubtful accounts of $75,000 and $129,368, respectively)</td>
<td>421,968</td>
<td>1,230,734</td>
</tr>
<tr>
<td>Contributions receivable (net of allowance of $0 and $85,087, respectively) (Note 4)</td>
<td>3,044,399</td>
<td>3,318,590</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>67,975</td>
<td>94,020</td>
</tr>
<tr>
<td>Property and equipment (Note 7)</td>
<td>89,169</td>
<td>585,576</td>
</tr>
<tr>
<td>Investments (Note 5)</td>
<td>17,792</td>
<td>306,522</td>
</tr>
<tr>
<td>Beneficial interest in trust</td>
<td>24,954</td>
<td>-</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>230,731</td>
<td>229,500</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$12,109,935</strong></td>
<td><strong>$11,826,487</strong></td>
</tr>
</tbody>
</table>

## Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable</td>
<td>$365,000</td>
<td>$1,375,000</td>
</tr>
<tr>
<td>Grant payable to local agencies</td>
<td>2,672,863</td>
<td>3,586,170</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>917,720</td>
<td>1,876,415</td>
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<tr>
<td>Grant reserve (Note 2)</td>
<td>1,297,475</td>
<td>1,297,475</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>1,521,244</td>
<td>1,480,732</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>6,774,302</strong></td>
<td><strong>9,616,762</strong></td>
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</tbody>
</table>

**Net assets (Note 3)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>1,225,690</td>
<td>(2,410,750)</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>3,880,213</td>
<td>4,390,945</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>229,730</td>
<td>229,500</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>5,335,633</strong></td>
<td><strong>2,209,695</strong></td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**                                         **$12,109,935** | **$11,826,487** |

See accompanying notes to financial statements.
BIG BROTHERS BIG SISTERS OF AMERICA  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2015

<table>
<thead>
<tr>
<th>Public support and revenue</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>$15,023,955</td>
<td>$2,493,924</td>
<td>$</td>
<td>$17,517,879</td>
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<tr>
<td>Government funding</td>
<td>2,069,935</td>
<td></td>
<td></td>
<td>2,069,935</td>
</tr>
<tr>
<td></td>
<td>17,093,990</td>
<td>2,493,924</td>
<td></td>
<td>19,587,814</td>
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<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memberships</td>
<td>3,610,024</td>
<td></td>
<td></td>
<td>3,610,024</td>
</tr>
<tr>
<td>Investment income</td>
<td>4,152</td>
<td></td>
<td>230</td>
<td>4,382</td>
</tr>
<tr>
<td>Other income</td>
<td>197,018</td>
<td></td>
<td></td>
<td>197,018</td>
</tr>
<tr>
<td></td>
<td>3,811,142</td>
<td></td>
<td></td>
<td>3,811,424</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>3,004,656</td>
<td>(3,004,656)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total public support and revenues</td>
<td>23,909,740</td>
<td>(510,732)</td>
<td>230</td>
<td>23,389,238</td>
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<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program development</td>
<td>4,392,639</td>
<td></td>
<td></td>
<td>4,392,639</td>
</tr>
<tr>
<td>Agency development</td>
<td>5,453,253</td>
<td></td>
<td></td>
<td>5,453,253</td>
</tr>
<tr>
<td>Brand development</td>
<td>7,490,465</td>
<td></td>
<td></td>
<td>7,490,465</td>
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<tr>
<td></td>
<td>17,336,355</td>
<td></td>
<td></td>
<td>17,336,355</td>
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<tr>
<td>Support services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>1,997,807</td>
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<td></td>
<td>1,997,807</td>
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<tr>
<td>Fundraising</td>
<td>939,138</td>
<td></td>
<td></td>
<td>939,138</td>
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<tr>
<td>Total supporting services</td>
<td>2,936,945</td>
<td></td>
<td></td>
<td>2,936,945</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>Total expenses</td>
<td>20,273,300</td>
<td></td>
<td></td>
<td>20,273,300</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>3,636,440</td>
<td>(510,732)</td>
<td>230</td>
<td>3,125,938</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>(2,410,750)</td>
<td>4,390,945</td>
<td>229,500</td>
<td>2,209,695</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 1,225,690</td>
<td>$ 3,880,213</td>
<td>$ 229,730</td>
<td>$ 5,335,633</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## BIG BROTHERS BIG SISTERS OF AMERICA
### STATEMENT OF ACTIVITIES
#### Year ended June 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public support and revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>$16,071,164</td>
<td>$4,575,524</td>
<td>$</td>
<td>$20,046,066</td>
</tr>
<tr>
<td>Government funding</td>
<td>804,390</td>
<td></td>
<td></td>
<td>804,390</td>
</tr>
<tr>
<td></td>
<td>16,875,554</td>
<td>4,575,524</td>
<td></td>
<td>21,451,076</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memberships</td>
<td>3,536,605</td>
<td></td>
<td></td>
<td>3,536,605</td>
</tr>
<tr>
<td>Investment income</td>
<td>(14,153)</td>
<td>9,066</td>
<td>230</td>
<td>(4,857)</td>
</tr>
<tr>
<td>Other income</td>
<td>2,746,149</td>
<td></td>
<td></td>
<td>2,746,149</td>
</tr>
<tr>
<td></td>
<td>6,288,801</td>
<td>9,066</td>
<td>230</td>
<td>6,277,897</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>4,138,288</td>
<td>(4,138,288)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total public support and revenues</td>
<td>27,262,443</td>
<td>440,302</td>
<td>230</td>
<td>27,726,975</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program development</td>
<td>8,311,366</td>
<td></td>
<td></td>
<td>8,311,366</td>
</tr>
<tr>
<td>Agency development</td>
<td>5,444,577</td>
<td></td>
<td></td>
<td>5,444,577</td>
</tr>
<tr>
<td>Brand development</td>
<td>8,340,177</td>
<td></td>
<td></td>
<td>8,340,177</td>
</tr>
<tr>
<td></td>
<td>22,096,120</td>
<td></td>
<td></td>
<td>22,096,120</td>
</tr>
<tr>
<td>Support services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>5,540,829</td>
<td></td>
<td></td>
<td>5,540,829</td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,144,866</td>
<td></td>
<td></td>
<td>1,144,866</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>6,685,695</td>
<td></td>
<td></td>
<td>6,685,695</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>26,761,815</td>
<td></td>
<td></td>
<td>26,761,815</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>(1,499,372)</td>
<td>446,302</td>
<td>230</td>
<td>(1,052,840)</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>(911,376)</td>
<td>3,944,643</td>
<td>229,270</td>
<td>3,262,535</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$ (2,410,750)</td>
<td>$4,390,945</td>
<td>$229,500</td>
<td>$2,209,695</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
BIBG BROTHERS BIG SISTERS OF AMERICA
STATEMENTS OF CASH FLOWS
Year ended June 30, 2015 and 2014

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$3,125,938</td>
<td>$(1,052,840)</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net asset to net cash
provided by operating activities:
- Depreciation                      | 147,866 | 211,640 |
- Bad debt expense                  | (107,642) | 227,633 |
- Net loss on disposal of assets    | 384,631 | 32,100  |
- Net realized loss on investment   | 4,555   | 23,919  |
- Discount on contribution receivables | -     | 39,715  |

Decrease (increase) in asset:
- Accounts receivable               | 966,388 | (184,976) |
- Contributions receivable          | 274,191 | (84,315)  |
- Prepaid expenses and other assets | 26,045   | 192,573  |

Increase (decrease) in liabilities:
- Accounts payable and accrued expenses | 40,512 | (904,935) |
- Grants payable to local agencies  | (912,307) | 445,036  |
- Deferred revenue                   | (990,695) | 22,474  |

Net cash provided by (used in) operating activities
<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,989,542</td>
<td>(1,031,976)</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:
- Purchases of equipment             | (36,110) | (59,310) |
- Purchase of investments            | (26,185) | (229)   |
- Proceeds from sale of investments  | 284,135  | 2,839,810 |

Net cash provided by (used in) investing activities
<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>221,840</td>
<td>2,780,271</td>
</tr>
</tbody>
</table>

Cash flows from financing activities:
- Borrowing on credit line payable  | (1,000,000) | 1,000,000 |
- Borrowing on long term payables  | (10,000)   | 375,000   |

Net cash provided by (used in) financing activities
<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,010,000)</td>
<td>1,375,000</td>
</tr>
</tbody>
</table>

Net increase in cash and cash equivalents
<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,201,382</td>
<td>3,123,295</td>
</tr>
</tbody>
</table>

Cash and cash equivalents
- Beginning of the year  | 6,011,545 | 2,888,250 |

- End of the year        | $8,212,927 | $6,011,545 |

See accompanying notes to financial statements.
## BIG BROTHERS BIG SISTERS OF AMERICA
### STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>Program Development</th>
<th>Agency Development</th>
<th>Brand Development</th>
<th>Total Program Services</th>
<th>Supporting Management &amp; General</th>
<th>Services Fund Raising</th>
<th>Total Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$714,087</td>
<td>$1,253,419</td>
<td>$346,625</td>
<td>$2,314,131</td>
<td>$299,020</td>
<td>$372,015</td>
<td>$671,035</td>
<td>$2,985,166</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>52,164</td>
<td>91,563</td>
<td>25,321</td>
<td>169,048</td>
<td>21,844</td>
<td>27,176</td>
<td>49,020</td>
<td>218,068</td>
</tr>
<tr>
<td>Insurance benefits</td>
<td>33,407</td>
<td>58,638</td>
<td>16,216</td>
<td>108,261</td>
<td>13,989</td>
<td>17,404</td>
<td>31,303</td>
<td>139,654</td>
</tr>
<tr>
<td>Grants to local agencies</td>
<td>2,716,679</td>
<td>2,716,679</td>
<td>-</td>
<td>5,433,358</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,433,358</td>
</tr>
<tr>
<td>Professional services</td>
<td>402,316</td>
<td>438,240</td>
<td>6,880,139</td>
<td>7,720,695</td>
<td>1,353,682</td>
<td>82,096</td>
<td>1,435,777</td>
<td>9,150,472</td>
</tr>
<tr>
<td>Telephone, postage and shipping</td>
<td>35,297</td>
<td>61,956</td>
<td>17,133</td>
<td>114,386</td>
<td>14,760</td>
<td>18,388</td>
<td>33,168</td>
<td>147,554</td>
</tr>
<tr>
<td>Occupancy and maintenance</td>
<td>85,183</td>
<td>149,519</td>
<td>41,349</td>
<td>270,051</td>
<td>35,670</td>
<td>44,377</td>
<td>80,047</td>
<td>356,098</td>
</tr>
<tr>
<td>Printing, publications and promotions</td>
<td>7,156</td>
<td>12,591</td>
<td>3,474</td>
<td>23,191</td>
<td>2,997</td>
<td>3,728</td>
<td>6,725</td>
<td>29,916</td>
</tr>
<tr>
<td>Insurance</td>
<td>41,959</td>
<td>73,650</td>
<td>20,367</td>
<td>135,976</td>
<td>17,570</td>
<td>21,859</td>
<td>39,429</td>
<td>175,405</td>
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<tr>
<td>Leases</td>
<td>8,290</td>
<td>14,551</td>
<td>4,024</td>
<td>26,865</td>
<td>3,471</td>
<td>4,319</td>
<td>7,790</td>
<td>34,655</td>
</tr>
<tr>
<td>Depreciation</td>
<td>35,376</td>
<td>62,094</td>
<td>17,172</td>
<td>114,642</td>
<td>14,814</td>
<td>18,430</td>
<td>33,244</td>
<td>147,886</td>
</tr>
<tr>
<td>Other</td>
<td>244,226</td>
<td>428,684</td>
<td>118,550</td>
<td>791,460</td>
<td>102,268</td>
<td>127,231</td>
<td>229,499</td>
<td>1,020,959</td>
</tr>
</tbody>
</table>

|                             | $4,392,639          | $5,453,253         | $7,490,463        | $17,336,356            | $1,607,807                    | $939,138             | $2,936,946              | $20,273,300|

See accompanying notes to financial statements.
<table>
<thead>
<tr>
<th>Category</th>
<th>Program Development</th>
<th>Agency Development</th>
<th>Brand Development</th>
<th>Total Program Services</th>
<th>Supporting Management &amp; General</th>
<th>Services Fund Raising</th>
<th>Total Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$2,994,248</td>
<td>$1,478,638</td>
<td>$1,008,669</td>
<td>$5,481,555</td>
<td>$627,228</td>
<td>$517,718</td>
<td>$1,144,946</td>
<td>$6,626,501</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>258,237</td>
<td>127,524</td>
<td>86,992</td>
<td>472,753</td>
<td>54,095</td>
<td>44,650</td>
<td>98,745</td>
<td>571,498</td>
</tr>
<tr>
<td>Employee pension</td>
<td>2,159</td>
<td>1,066</td>
<td>727</td>
<td>3,952</td>
<td>452</td>
<td>373</td>
<td>825</td>
<td>4,777</td>
</tr>
<tr>
<td>Insurance benefits</td>
<td>253,607</td>
<td>126,238</td>
<td>85,432</td>
<td>464,277</td>
<td>53,125</td>
<td>43,850</td>
<td>98,675</td>
<td>561,252</td>
</tr>
<tr>
<td>Grants to local agencies</td>
<td>2,412,349</td>
<td>2,412,349</td>
<td>-</td>
<td>4,824,698</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,824,698</td>
</tr>
<tr>
<td>Professional services</td>
<td>942,410</td>
<td>358,804</td>
<td>6,640,276</td>
<td>7,941,490</td>
<td>3,813,969</td>
<td>261,276</td>
<td>4,075,235</td>
<td>12,016,725</td>
</tr>
<tr>
<td>Telephone, postage and shipping</td>
<td>92,113</td>
<td>80,002</td>
<td>39,444</td>
<td>211,569</td>
<td>10,966</td>
<td>12,495</td>
<td>23,461</td>
<td>235,020</td>
</tr>
<tr>
<td>Occupancy and maintenance</td>
<td>11,162</td>
<td>101,101</td>
<td>40,857</td>
<td>257,407</td>
<td>13,061</td>
<td>15,793</td>
<td>29,654</td>
<td>297,061</td>
</tr>
<tr>
<td>Printing, publications and promotions</td>
<td>26,546</td>
<td>23,056</td>
<td>11,107</td>
<td>59,999</td>
<td>3,060</td>
<td>6,761</td>
<td>67,730</td>
<td>1,327,152</td>
</tr>
<tr>
<td>Conferences, travel and events</td>
<td>196,655</td>
<td>234,847</td>
<td>75,014</td>
<td>506,716</td>
<td>751,068</td>
<td>68,368</td>
<td>820,436</td>
<td>1,327,152</td>
</tr>
<tr>
<td>Insurance</td>
<td>11,099</td>
<td>54,370</td>
<td>37,089</td>
<td>201,558</td>
<td>23,063</td>
<td>19,037</td>
<td>42,100</td>
<td>243,658</td>
</tr>
<tr>
<td>Leases</td>
<td>34,170</td>
<td>16,874</td>
<td>11,511</td>
<td>62,555</td>
<td>7,158</td>
<td>5,908</td>
<td>13,066</td>
<td>75,621</td>
</tr>
<tr>
<td>Depreciation</td>
<td>95,631</td>
<td>47,225</td>
<td>32,215</td>
<td>175,071</td>
<td>20,033</td>
<td>16,535</td>
<td>36,668</td>
<td>211,639</td>
</tr>
<tr>
<td>Other</td>
<td>776,513</td>
<td>383,463</td>
<td>261,584</td>
<td>1,421,560</td>
<td>162,661</td>
<td>134,262</td>
<td>296,523</td>
<td>1,718,483</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,311,386</strong></td>
<td><strong>$5,444,577</strong></td>
<td><strong>$8,340,177</strong></td>
<td><strong>$22,096,120</strong></td>
<td><strong>$5,540,829</strong></td>
<td><strong>$1,144,866</strong></td>
<td><strong>$6,685,696</strong></td>
<td><strong>$28,781,815</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Big Brothers Big Sisters of America ("the Organization" or "BBBSA") is the nation's premier mentoring organization. The Organization's vision is that all children achieve success in life. The Organization's 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. The Organization and its staff partner with parents/guardians, volunteers, and others in the community and holds itself accountable for the program achieving:

- Higher aspirations, greater confidence, and better relationships
- Avoidance of risky behaviors
- Educational success

The Organization works closely with Big Brothers Big Sisters agencies ("local affiliates" or "affiliated agencies") throughout the country to implement its programs. These agencies are separate legal entities, which are not controlled by the Organization, and are therefore not consolidated within the Organization's financial statements.

On January 7, 2015, BBBSA relocated its national headquarters from Irving, Texas to Tampa, Florida. Operations were fully effective by March 2015.

Basis of Presentation: The financial statements have been prepared on the accrual basis of accounting. Financial statement presentation follows FASB ASC 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions, including unconditional promises to give, are recorded at fair value when received. Multi-year contributions are recorded at their estimated net present value using appropriate discount rates at the date of receipt.

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 restrictions.

Management's Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

Investments: The Organization carries investments in marketable securities at fair value. FASB ASC 820-10 establishes a framework for measuring fair value and expands disclosures about fair value measurements. For Level 1 investments, fair values are based upon quoted values for identical investments in active markets. For Level 2 investments, fair value is determined by unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable. For Level 3 investments, fair value is based primarily upon estimates and other inputs that are not freely available.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation: Property and equipment are recorded at cost. Depreciation of property and equipment has been provided for on a consistent basis over the estimated useful lives of the various assets using the straight-line method. Expenditures for repairs and maintenance are charged to current operations. Donated property and equipment are recorded at fair market value, if determinable, and depreciated in the same manner as purchased property and equipment. The estimated useful lives of the assets are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building improvements</td>
<td>7 to 50 years</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3 to 7 years</td>
</tr>
</tbody>
</table>

Income Tax Status: The Organization qualifies as a tax-exempt organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provisions for federal or state income taxes.

Management has performed an evaluation and concluded that there are no material unrecognized tax positions as of June 30, 2015 and 2014.

Membership Fees: Membership fees, which are based on a percentage of the affiliated agencies' annual expenditures, are recorded as income when earned. Fees that have been billed but not yet earned are shown as deferred revenue on the statement of financial position. Accounts receivable from affiliated agencies are monitored and an allowance is established where appropriate for doubtful accounts. Periodically, management reviews membership fees and records an allowance for specific members based on current circumstances and charges off the receivable against the allowance when all attempts to collect the membership fees have failed.

Contributions: Gifts of cash and other assets, including unconditional promises to give cash and other assets, are reported at fair value at the date the assets or promise are received. They are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Temporarily restricted contributions which are both received and released within the same year are recorded as an increase in temporarily restricted net assets and as a satisfaction of program restrictions. Contributions receivable are monitored and an allowance is established where appropriate for doubtful accounts. Periodically, management reviews contributions and records an allowance for specific donors based on current circumstances and charges off the receivable against the allowance when all attempts to collect the contributions have failed.

Grants to Local Agencies: The Organization awards grants to the local agencies as part of its goal of enhancing program development and field services with the local affiliates. The grants are recorded as an expense and liability when the related costs are incurred at the local agency according to the respective agreement. The grants are funded by both restricted and unrestricted contributions. The grants to local agencies are due in less than one year.

Cash and Cash Equivalents: For the purpose of the statement of cash flows, the Organization considers all money market funds and certificates of deposit with original maturities of less than ninety days to be cash equivalents.

In-Kind Contributions: The Organization recognizes contributed services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the twelve months ended June 30, 2015 and 2014, the Organization recognized revenues for contributed legal services of $456,400 and $619,078. An equal and offsetting expense was recognized within Support Services expense (management and general support). A substantial number of volunteers donated significant amounts of their time to assist in the Organization's program services. This time was not recognized as revenue since it did not relate to specialized skills. The fair value of the unrecognized contributed services cannot practically be calculated.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization records the value of contributed goods when there is an objective basis available to measure their value and is reflected as revenue in the accompanying statements at their estimated values at the date of receipt. The Organization received $8,629,622 and $8,528,496 in 2015 and 2014, respectively, of contributed advertising time to promote its mission. In accordance with ASC 958-605 "Revenue Recognition", these services were recognized as revenue, with an offsetting expense recognized within Program Services expenses (brand development). In 2015, the Organization entered into a new 5 year office space lease with the base lease expenses contributed by the leaseholder. Contribution revenue of $1,103,970 for the entire lease period was recognized. Rental expense of $86,613 was recognized on the current year statement of activities with remaining contribution office space revenue of $1,017,158 being offset to contributions receivable. The Organization recognized revenue for donated furnishings of $57,862 in fiscal year ended June 30, 2015. Equal and offsetting capital assets were recorded for the donated furnishing. Depreciation expense will be recognized annually based on the Organization's depreciation policies. There were no other contributed goods during the twelve months ended June 30, 2015 and 2014.

Endowment Investments: As of June 30, 2015 and 2014 the Organization has $230,731 and $229,500, respectively, in endowment assets that are restricted by donors. The Organization endowment funds are invested in money market funds with consistent levels of return.

The income from endowment funds are used to fund awards given to local agencies at the Organization's annual national conference.

Government Funding: The Organization receives grant revenue from governmental sources. Government grant revenue is recognized as related costs are incurred. The Organization negotiates its federal indirect rate with the relevant federal agency. Indirect costs recovered on federally sponsored programs are generally based on predetermined reimbursement rate which are stated as a percentage of direct costs incurred. The Organization is subject to audits by government bodies providing grants. Retroactive adjustments are accrued on an estimated basis in the period the related services are delivered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews and investigations. See Note 2.

Subsequent Events: Subsequent events have been evaluated through September 29, 2015, the date that the financial statements were available to be issued.

NOTE 2 - GOVERNMENT INVESTIGATION AND RELATED OPERATING MATTERS

On March 31, 2014, BBBSA replaced its previous CEO, who had served from June 2012 through March 30, 2014, with a new CEO. On April 24, 2014, BBBSA hired a new CFO.

In August 2012, the Audit Division of the Department of Justice Office of the Inspector General ("DOJ OIG") audited three Office of Justice Programs ("OJP") grants awarded to BBBSA for fiscal years 2009-2011: 2009-TY-FX-0047, 2010-JU-FX-005 and 2011-MU-MU-0017 (the "Audited Grants"). In February 2013, OJP froze all Audited Grants funds. In an audit report issued in June 2013, the DOJ OIG questioned approximately $19.5 million in funds awarded to BBBSA under these grants. Through outside counsel, BBBSA subsequently commenced a forensic audit concerning the Audited Grants.

On March 31, 2014, the Department of Justice ("DOJ") informed BBBSA, through outside counsel, that it had opened an investigation concerning BBBSA expenditures under the Audited Grants.
NOTE 2 - GOVERNMENT INVESTIGATION AND RELATED OPERATING MATTERS (Continued)

Because BBBSA did not have knowledge of any fraud or misuse of assets as to the Audited Grants and because of the findings of the forensic audit review, BBBSA had not initiated an internal investigation concerning the Audited Grants prior to the DOJ Investigation.

BBBSA responded to DOJ's requests for information concerning the Audited Grants and, through outside counsel, has been actively engaged in productive discussions with DOJ in an effort to resolve this matter. While that process is continuing, BBBSA anticipates that it will reach an agreement in principle in the near future and enter into a settlement agreement shortly thereafter.

Based on the comprehensive report submitted to OJP by BBBSA management in March 2015, management has recorded an accrued grant estimate of approximately $1,297,475 as of June 30, 2015 and 2014, respectively, for potential resolution of this matter. However, management expresses no opinion regarding whether this figure will be sufficient to resolve this matter as the settlement has not been finalized.

BBBSA has successfully administered a federal grant through the Department of Labor ("DOL"). DOL removed the Organization's high-risk grantee status in April 2015.

In June 2015, OJP granted BBBSA a two-year extension of federal grant 2012-JU-FX-0008 totaling $6.7M. In September 2015, OJP granted BBBSA a two-year extension of federal grant 2011-MU-MU-0017 totaling $3.6M. Both of these federal grants had been previously frozen in 2013 due to the on-going 2012 OIG Audit. With these extensions, BBBSA will be administering $10.3M of OJP grants to subrecipients through September 2017.

NOTE 3 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following at June 30:

<table>
<thead>
<tr>
<th>Time restrictions:</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-kind lease</td>
<td>$1,017,158</td>
<td>$ -</td>
</tr>
<tr>
<td>Beneficial interest in trust</td>
<td>24,954</td>
<td>-</td>
</tr>
<tr>
<td>Total time restrictions</td>
<td>1,042,112</td>
<td>-</td>
</tr>
<tr>
<td>Purpose restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program develop</td>
<td>1,135,241</td>
<td>1,756,380</td>
</tr>
<tr>
<td>Agency development</td>
<td>1,220,384</td>
<td>1,888,109</td>
</tr>
<tr>
<td>Branding development</td>
<td>482,476</td>
<td>746,456</td>
</tr>
<tr>
<td>Total purpose restrictions</td>
<td>2,838,101</td>
<td>4,390,945</td>
</tr>
<tr>
<td>Total temporarily restricted net assets</td>
<td>$3,880,213</td>
<td>$4,390,945</td>
</tr>
</tbody>
</table>

Permanently restricted net assets represent endowments that have donor-imposed restrictions which require the principal to remain intact, with the interest earned to be allocated between unrestricted and permanently restricted funds based on the donor stipulation.

(Continued)
NOTE 4 - CONTRIBUTIONS RECEIVABLE AND GOVERNMENT GRANTS RECEIVABLE

As of June 30, 2015 and 2014, the Organization recorded promises of funding of $3,084,114 and $3,358,305, respectively. The promises to give are considered fully collectible and consist of the following as of June:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>$ 2,032,023</td>
<td>$ 1,929,341</td>
</tr>
<tr>
<td>1-5 years</td>
<td>1,052,091</td>
<td>1,514,051</td>
</tr>
<tr>
<td></td>
<td>3,084,114</td>
<td>3,443,392</td>
</tr>
<tr>
<td>Less: reserve</td>
<td></td>
<td>(85,087)</td>
</tr>
<tr>
<td>Less: discount</td>
<td>(39,715)</td>
<td>(38,715)</td>
</tr>
<tr>
<td>Total net contributions receivable</td>
<td>$ 3,044,399</td>
<td>$ 3,318,590</td>
</tr>
</tbody>
</table>

Discounts are not applied to contributions received over one year. The total discount amount as of June 30, 2015 and June 30, 2014 for pledges received in excess of one year did not reflect a material amount of the financials.

NOTE 5 - INVESTMENTS

At June 30, 2015 investments carried at fair value was a Money Market Account at $17,792. At June 30, 2014, investments carried at fair value was a Certificate of Deposit for $306,522.

The total investment gain (loss) for the twelve months ended June 30, 2015 and 2014 was $4,362 and $(4,857), respectively, which consisted of investment income and gain/loss on investments. Certificates of Deposit are recognized as Level 2 investments within the fair value hierarchy. Refer to Note 6 for fair value disclosures.

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating fair value of financial instruments.

Cash and Cash Equivalents: The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these instruments.

Investments: The fair values for Certificates of Deposit are based on cash maturity values, discounted to present value. Money market accounts are recorded at cost which approximates fair value.

Receivables: Receivables in excess of one year are recognized at the recoverable amount, discounted to present value.
NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

<table>
<thead>
<tr>
<th>Balance Sheet Assets</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,212,927</td>
<td>$6,011,545</td>
</tr>
<tr>
<td>Investments</td>
<td>17,792</td>
<td>306,522</td>
</tr>
<tr>
<td>Beneficial interest in trust</td>
<td>24,954</td>
<td>-</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>230,731</td>
<td>229,500</td>
</tr>
</tbody>
</table>

Fair value measurements are as follows (the carrying amounts of other financial instruments not listed in the table below approximate fair value due to the short-term nature of such items) as of:

June 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Other Unobservable Inputs (Level 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$</td>
<td>$248,523</td>
<td>-</td>
<td>$248,523</td>
</tr>
<tr>
<td>Beneficial interest in trust</td>
<td></td>
<td></td>
<td>24,954</td>
<td>24,954</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$248,523</td>
<td>24,954</td>
<td>273,477</td>
</tr>
</tbody>
</table>

June 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Other Unobservable Inputs (Level 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
<td>$</td>
<td>$306,522</td>
<td>-</td>
<td>$306,522</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td></td>
<td>229,500</td>
<td>-</td>
<td>229,500</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$536,022</td>
<td>-</td>
<td>536,022</td>
</tr>
</tbody>
</table>

(Continued)
NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below represents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30:

<table>
<thead>
<tr>
<th>Beneficial Interest in Trusts Held with Others</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Change in valuation of beneficial interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in trusts held by others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>24,954</td>
<td>-</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$24,954</td>
<td>$</td>
</tr>
</tbody>
</table>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$638,597</td>
<td>$612,118</td>
</tr>
<tr>
<td>Building purchase option</td>
<td>-</td>
<td>375,000</td>
</tr>
<tr>
<td></td>
<td>638,597</td>
<td>987,118</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(549,428)</td>
<td>(401,542)</td>
</tr>
<tr>
<td></td>
<td>$89,169</td>
<td>$585,576</td>
</tr>
</tbody>
</table>

NOTE 8 - NOTES PAYABLE

Line of Credit
The Organization has a line of credit agreement with TD Bank of $1,000,000. There were borrowings of $1,000,000 against the line on June 30, 2014. The line bears interest at one percent over the bank's prime lending rate, 4.25% at June 30, 2015 and 2014. The BBBSA Foundation had put the Philadelphia office building as collateral for this line of credit. During fiscal year ended June 30, 2015 the Philadelphia office building was sold and the proceeds used to pay off the line of credit. As of June 30, 2015 there were no outstanding balances related to the line of credit. The line is reviewed annually and is due July 31, 2015.

Promissory Note – Lone Star
The Organization entered into a $375,000 promissory note on October 1, 2013 to extend payment on the terms of a previously negotiated option to purchase a portion of the building in Irving, Texas where BBBSA was previously located. The promissory note bears interest at the lesser of The Wall Street Journal prime rate or the maximum legal rate permitted. As of June 30, 2015 the promissory note totaled $365,000. Subsequent to June 30, 2015 a settlement agreement was entered into and the promissory note was paid in full. For further information see Footnote 12 – Termination Costs.
NOTE 9 - PENSION PLAN

The Organization normally contributes seven percent (7%) of each eligible employee’s salary annually under a defined contribution pension plan covering all full-time employees over age 20-1/2 with six months of continuous service. Eligible employees may elect to invest up to ten percent (10%) of their compensation through payroll deductions. The total pension expense recognized or contributions made for the twelve months ended June 30, 2015 and 2014 was $0 and $4,777, respectively. The Organization suspended contributions effective September 30, 2012.

NOTE 10 - RELATED PARTIES

The Foundation for Big Brothers Big Sisters of America (Foundation) is organized to support the functions of or carry out the charitable purposes of the Organization. The Foundation was incorporated under the laws of Pennsylvania as a separate nonprofit corporation and has been granted 501(c)(3) status by the Internal Revenue Service.

The Organization leased its headquarters building in Philadelphia from the Foundation through October 2013, upon which time the headquarters moved to Irving, Texas, and a new lease was set up with an unrelated party. Rent paid to the Foundation was $66,803 for the year ended June 30, 2014. The Foundation contributed $2,122,513 and $466,803 to the Organization for the years ended June 30, 2015 and 2014, respectively.

As of June 30, 2015 and 2014, the Organization has current receivables, net of reserves, from members of its Board of $215,000 and $215,000, respectively. The Organization recognized revenue of $322,438 and $2,078,463 during the twelve months ended June 30, 2015 and 2014, respectively, from its Board.

NOTE 11 - LEASES

The Organization leased its headquarters in Philadelphia from the Foundation for Big Brothers Big Sisters of America as of June 30, 2013. Effective October 1, 2013, the Organization cancelled its lease, relocated, and entered into a new 5 year lease with minimum annual rent expenses of approximately $197,000 and minimum annual increases of approximately 1.7%. This lease was terminated effective June 1, 2015. During fiscal year 2015 the Organization relocated from Texas to Florida and entered into new 5 year lease agreement effective February 1, 2015 with the base rental expense related to the lease contributed by the leaseholder. Per ASC 956-605, BBBSA is recognizing a minimum annual rent expense of approximately $206,000 and minimum annual increases of approximately 3% are being recorded on the financial statements.

The Organization also leases equipment and other office space under leases which expire from 2013 to 2016. For the twelve months ended June 30, 2015 and 2014, total rental expenses under these leases amounted to $262,960 and $339,751, respectively.

(Continued)
NOTE 11 - LEASES (Continued)

At June 30, 2015, the Organization was obligated under various non-cancellable lease arrangements for office space and equipment as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Lease Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$210,434</td>
</tr>
<tr>
<td>2017</td>
<td>$216,753</td>
</tr>
<tr>
<td>2018</td>
<td>$223,262</td>
</tr>
<tr>
<td>2019</td>
<td>$229,926</td>
</tr>
<tr>
<td>2020</td>
<td>$156,309</td>
</tr>
</tbody>
</table>

Total future minimum lease expense $1,036,684

NOTE 12 - TERMINATION COSTS

As stated in Note 1, on January 7, 2015, BBBSA relocated its national headquarters from Irving, Texas to Tampa, Florida. Operations were fully in effect in Tampa by March 2015 and BBBSA ceased using the Irving office space in June 2015. Subsequent to year end a lease termination agreement was reached related to the Irving office space. The settlement agreement required BBBSA to pay $385,000 on a promissory note related to a purchase option on a portion of the building it leased. The cost related to the extinguishment of the debt and the write-off of the purchase option is included in Other Expenses on the Statement of Functional Expenses. Additionally, the settlement agreement requires BBBSA to make the monthly July – December 2015 rental payments in accordance with the original lease agreement, which total $101,037 as an additional termination cost. The accrual of the rental costs is included in Professional Services on the Statement of Functional Expenses.

Reconciliation of Termination Costs Liabilities:

<table>
<thead>
<tr>
<th>Purchase Option</th>
<th>Promissory Note</th>
<th>Accrued Rent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance at July 1, 2014</td>
<td>$375,000</td>
<td>$ -</td>
<td>$375,000</td>
</tr>
<tr>
<td>Termination Cost - Rent</td>
<td>-</td>
<td>101,037</td>
<td>101,037</td>
</tr>
<tr>
<td>Credit for reconciliation</td>
<td>(10,000)</td>
<td>-</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Ending balance at June 30, 2015</td>
<td>$365,000</td>
<td>$101,037</td>
<td>$466,037</td>
</tr>
</tbody>
</table>

NOTE 13 - CONCENTRATION OF CREDIT RISK

During the year, the Organization may have cash balances in banks in excess of the Federal Deposit Insurance Corporation limit. As of June 30, 2015 and 2014, the Organization has $7,495,894 and $6,284,112, respectively, of cash and cash equivalents and investments in excess of the Federal Deposit Insurance Corporation limit.

NOTE 14 - CONTINGENCY

From time to time, Big Brothers Big Sisters of America has been named as a defendant in civil lawsuits. In management and legal counsel’s opinion, potential exposure not covered by insurance is immaterial.
BIG BROTHERS BIG SISTERS OF AMERICA

SINGLE AUDIT REPORT
June 30, 2015
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............................................................. 1


Schedule of Expenditures of Federal Awards........................................................................ 6

Notes to Schedule of Expenditures of Federal Awards.......................................................... 7

Schedule of Findings and Questioned Costs........................................................................ 8
Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Big Brothers Big Sisters of America ("BBBSA") which comprise the statement of financial position as of June 30, 2015, 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 September 29, 2015. Our report included an emphasis of a matter paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BBBSA’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 BBBSA’s internal control. Accordingly, we do not express an opinion on the effectiveness of BBBSA’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 BBBSA’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)
Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Tampa, Florida
September 29, 2015
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Big Brothers Big Sisters of America’s ("BBBSA") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of BBBSA's major federal programs for the year ended June 30, 2015. BBBSA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of BBBSA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BBBSA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, BBBSA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

(Continued)
Report on Internal Control Over Compliance

Management of BBBSA 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 BBBSA’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 BBBSA’s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003, that we consider to be significant deficiencies.

BBBSA’s response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned cost. BBBSA’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

(Continued)
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of BBBSA as of and for the year ended June 30, 2015, and have issued our report thereon dated September 29, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Crowe Horwath LLP

Tampa, Florida
September 29, 2015
### BIG BROTHERS BIG SISTERS OF AMERICA
### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Federal Grantor/Program Title</th>
<th>Federal CFDA Number</th>
<th>Grant Number</th>
<th>Federal Expenditures</th>
<th>Amount Provided to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Justice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Award:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Juvenile Mentoring Program</td>
<td>16.726**</td>
<td>2012-JU-FX-0008</td>
<td>$ 267,616</td>
<td>$ 251,730</td>
</tr>
<tr>
<td>Total U.S. Department of Justice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Labor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Award:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reintegration of Ex-Offenders</td>
<td>17.270**</td>
<td>PE-24408-13-60-A-42</td>
<td>1,802,320</td>
<td>1,492,707</td>
</tr>
<tr>
<td>Total U.S. Department of Labor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Federal Expenditures</td>
<td></td>
<td></td>
<td></td>
<td>$ 2,069,935</td>
</tr>
</tbody>
</table>

** denotes major programs

See accompanying notes to the schedule.
NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Big Brothers Big Sisters of America ("BBBSA"). The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some information presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - NONCASH AND FEDERAL INSURANCE

BBBSA did not receive any noncash assistance or have Federal insurance in effect during the fiscal year.
Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for each major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Numbers</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.726</td>
<td>The Juvenile Mentoring Program</td>
</tr>
<tr>
<td>17.270</td>
<td>Reintegration of Ex-Offerers</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Audittee qualified as low-risk audittee? Yes No

(Continued)
Section II - Financial Statement Findings
No items noted.

Section III – Federal Awards Findings and Questioned Costs

Finding 2015-001: Suspension and Debarment – Significant Deficiency

Impacted Programs:
Federal Agency: Department of Justice
Program: The Juvenile Mentoring Program
CFDA Number: 16.729
Award Number: 2012-JU-FX-0008

Federal Agency: Department of Labor
Program: Reintegration of Ex-Offenders
CFDA Number: 17.270
Award Number: PE-224408-13-60-A-42

Criteria:
OMB Circular A-133 Section .500(c) requires that an auditor obtain an understanding and test the controls over a federal program. Further, OMB Circular A-110, Section .13, establishes the standards for compliance with the procurement and suspension common rule, which restricts subawards and contracts with certain parties that are debarred, suspended, excluded from, or ineligible to participate in federal assistance activities or programs.

Questioned Costs:
None

Condition:
The organization-wide internal controls were not adequately designed to reasonably ensure compliance with federal laws, regulations and program requirements related to suspension and debarment. Further, documentation of support to verify the proper review and execution of suspension and debarment practices, which are highlighted below, did not exist during the current year.

- Requirements of the organization to determine for subawards of any value and procurement contracts equal to or exceeding $100,000, that the organization and its principals are not suspended or debarred.

Cause:
Management utilizes the internet to perform procedures related to suspension and debarment. Management does not maintain documentation supporting these procedures.

Effect:
The Organization could be providing grant expenditures to vendors or subrecipients that are not eligible to receive federal funding.

Recommendations:
Crowe recommends that procedures be established to ensure that debarment, suspension and exclusions have been properly verified and properly documented for each sub-recipients on annual basis.

(Continued)
Finding 2015-001: Suspension and Debarment – Significant Deficiency (Continued)

Management's View and Corrective Action Plan:
The Policies and Procedures have been updated to include a bi-annual search for suspension and debarment through the Federal Contract Register, System for Award Management (SAM) for all contractors and sub-recipients. These searches will be documented with reports from SAM and filed within the Central Filing System of BBBSA.


Impacted Programs:
Federal Agency: Department of Justice
Program: The Juvenile Mentoring Program
CFDA Number: 16.729
Award Number: 2012-JU-FX-0008

Criteria:
OMB Circular A-133 Section .500(c) requires that an auditor obtain an understanding and test the controls over a federal programs. Further guidance states that program contracts and grant agreements are to be reviewed to identify special provisions or tests that may be identified to ensure compliance with grant stipulations. The grant award agreement specifies that federal funds may not be used to pay cash compensation to any employee at a rate in excess of 110% of the maximum annual salary payable to a member of the Federal governments Senior Executive Service.

Condition:
Management was not able to provide documentation to show that the compensation being funded by the grant awards is reviewed and compared to the maximum salary allowed per the grant award.

Questioned Costs:
None

Cause:
Management does not retain documentation to support the review performed electronically.

Effect:
Compensation could be paid at a rate that exceeds the maximum threshold allowable under the federal award.

Recommendations:
Crowe recommend that policies and procedures are established to assist with identification of special provisions of a contract, and that documentation supporting the review is maintained.

Management's View and Corrective Action Plan:
Policy and Procedures have been updated to analyze and document BBBSA salaries to the Federal Governments Senior Executive Service to ensure salaries do not exceed 110% of the maximum allowable.

(Continued)
Finding 2015-003: Sub-recipient Monitoring – Significant Deficiency

Impacted Programs:
Federal Agency: Department of Justice
Program: The Juvenile Mentoring Program
CFDA Number: 16.726
Award Number: 2012-JU-FX-0008

Federal Agency: Department of Labor
Program: Reintegration of Ex-Offenders
CFDA Number: 17.270
Award Number: PE-224408-13-60-A-42

Criteria:
OMB Circular A-110, Section (a) states that recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in Section 25.

Condition:
Management was unable to provide copies of audited financial statements for the sample of subrecipients, which consisted of 2 sub-recipients for CFDA 17.270 and 3 sub-recipients for CFDA 16.726.

Questioned Costs:
None

Cause:
Management does not maintain documentation supporting these procedures.

Effect:
The Organization could be providing reimbursements to sub-recipients without sufficient controls to prevent or detect material non-compliance related to their grant funding.

Recommendations:
Crowe recommends that management obtains and formally documents their review of the audited financial statements for the sub-recipients.

Management’s View and Corrective Action Plan:
BBBSA has begun the process of reviewing and documenting the annual financial audits of the subrecipients. These documented reviews will be placed in BBBSA Central Filing System. Reviews will be performed annually based upon the various fiscal year endings of each subrecipient.

Contact information
For more information or questions concerning findings, please contact Tim Midkiff, Chief Financial Officer for Big Brothers Big Sisters of America at 813-440-3584.
Section IV – Prior Year Findings and Questioned Costs

Finding 2013-2: Activities Allowed or Unallowed and Allowable Costs/Cost Principles and Period of Availability

Impacted Programs:
Federal Agency: Department of Justice
Program: Juvenile Mentoring Program
CFDA Number: 16.726
Award Numbers: 2010-JU-FX-0005 & 2011-MU-MU-0017

Federal Agency: Department of Justice
Program: Tribal Youth Program
CFDA Number: 16.731
Award Numbers: 2010-TY-FX-0104 & 2011-TY-FX-0030

Criteria:
OMB Circular A-110 requires recipients of federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Further, Section .21, states that federal award recipients may charge only allowable costs resulting from obligations incurred during the award period.

OMB Circular A-122, Section A, paragraph 2, requires that costs charged to an award be reasonable for the performance of the award, conform to any limitations or exclusions set forth in Circular A-122 or in the award as to types or amount of cost items, and be adequately documented.

Condition:
The organization-wide internal controls were not adequately designed to reasonably ensure compliance with federal laws, regulations and program requirements related to Activities Allowed or Unallowed and Allowable Costs/Cost Principles and Period of Availability.

During our selection of samples to test for this attribute, we noted that most of the costs associated with FY ’13 for both major programs were an effort to adjust previously recorded expenditures to be more consistent with actual costs. Therefore, most of the expenditures tested were a series of correcting journal entries. However, documentation of approvals and support to verify the proper review and allowability of costs for the majority of our sample did not exist at the time the expenditures were incurred.

Juvenile Mentoring Program

A total of 60 transactions for this program incurred and adjusted for during FY ’13 were selected for controls and compliance testing. 41 out of the 60 transactions did not have proper, if any, support, to display that approvals for each cost were accurately obtained. In addition, for each of these 41 transactions, we were unable to obtain appropriate, if any, support to validate allowability of costs. We were able to obtain payroll certifications for 3 of the payroll periods tested from employees who were with the Organization during FY ’13 which stated that they did work a documented specific amount of hours during the timeframe.
Finding 2013-2: Activities Allowed or Unallowed and Allowable Costs/Cost Principles and Period of Availability (Continued)

Condition:
Tribal Youth Program

A total of 17 transactions for this program incurred and adjusted for during FY '13 were selected for controls and compliance testing. 14 out of the 17 transactions did not have proper, if any support, to display that approvals for each cost were accurately obtained. In addition, for each of these 14 transactions, we were unable to obtain appropriate, if any, support to validate allowability of costs.

Questioned Costs:
Juvenile Mentoring Program

$2,436,108

Tribal Youth Program

$233,591

Cause:
OMB Circular A-110 and grant requirements were not consistently followed by the Organization to ensure only allowable costs resulting from obligations incurred during the award period were charged to the grant. Additionally, the organization did not consistently follow OMB Circular A-122 requirements to obtain and maintain records to adequately support expenditures charged to the award.

Effect:
This could result in unallowable costs being charged to the award or an inability of the Organization to adequately support the allowability of costs charged to the award.

Recommendation:
We recommend that the Organization enhance its internal control policies and procedures to ensure compliance with federal laws, regulations and program requirements related to Activities Allowed or Unallowed and Allowable Costs/Cost Principles and Period of Availability. Specifically, costs charged to the award should reflect actual expenditures incurred and be supported by documentation that is obtained and reviewed by an individual who is knowledgeable of federal cost and award provisions. Further, documentation should be maintained by the Organization for at least three years after receiving notification from the awarding agency that the award has been financially and programmatically closed.

Views of Responsible Officials and Planned Corrective Actions:
Remediated

Status of Prior Year Finding:
This finding was remediated.
Finding 2013-3: Cash Management

Impacted Programs:
Federal Agency: Department of Justice
Program: Juvenile Mentoring Program
CFDA Number: 16.728
Award Numbers: 2010-JU-FX-0005 & 2011-MU-MU-0017

Federal Agency: Department of Justice
Program: Tribal Youth Program
CFDA Number: 16.731
Award Numbers: 2010-TY-FX-0104 & 2011-TY-FX-0030

Criteria:
OMB Circular A-110 requires non-federal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The 2011 Financial Guide requires the organization to return interest income earned on Federal funds in excess of $250.

Condition:
All Major Programs
The organization-wide internal controls were not adequately designed to reasonably ensure compliance with federal laws, regulations and program requirements related to Cash Management. In addition, documentation for the majority of the costs incurred by the organization did not exist at the time expenditures were incurred, as displayed by the allowable cost testing described in Finding 2013-2 above. Therefore, non-compliance with OMB A-110 cash management requirements was noted for FY ‘13 expenditures.

Questioned Costs:
None

Cause:
The organization did not have adequate policies and procedures requiring amounts requested for drawdowns be reviewed for reasonableness and authorized by an appropriate individual.

Effect:
This could result in federal reimbursements exceeding actual expenditures incurred by the organization.

Recommendation:
We recommend that the organization enhance controls over the drawdown process. Specifically, a drawdown analysis should be prepared each time a draw is requested which specifically denotes which actual expenditures were used to calculate the drawdown request. This analysis should be reviewed for reasonableness by an appropriate individual within the organization in light of the federal program activities. Evidence of review and authorization for each drawdown should be maintained by the organization.

Views of Responsible Officials and Planned Corrective Actions:
Remediated
Finding 2013-3: Cash Management (Continued)

Status of Prior Year Finding:
This finding was remediated.

Finding 2013-4: Procurement and Suspension and Debarment

Impacted Programs:
Federal Agency: Department of Justice
Program: Juvenile Mentoring Program
CFDA Number: 16.729
Award Numbers: 2010-JU-FX-0005 & 2011-MU-MU-0017

Federal Agency: Department of Justice
Program: Tribal Youth Program
CFDA Number: 16.731
Award Numbers: 2010-TY-FX-0104 & 2011-TY-FX-0030

Criteria:
OMB Circular A-110, Sections .41 through .48 set forth standards for use of award recipients in establishing procedures for the procurement of goods and services with federal funds to ensure they are obtained in an effective manner and in compliance with federal and award provisions. These standards include, but are not limited to, requirements for award recipients to establish written procurement procedures, to ensure procurement transactions are conducted in a manner to provide open and free competition, to enter contracts only with responsible contractors and to maintain procurement records.

The U.S. Department of Justice Guide to Procurement Procedures, Chapter 6, requires informal price or rate quotes be obtained through telephone solicitations, informal written quotations, or blanket purchase agreements from at least three vendors for goods or services whose cost does not exceed $100,000. Adequate supporting documentation such as the vendor names and dates contacted and the quoted amounts and quantities shall be maintained.
Finding 2013-4: Procurement and Suspension and Debarment (Continued)

Condition:

All Major Programs

The organization-wide internal controls were not adequately designed to reasonably ensure compliance with federal laws, regulations and program requirements related to procurement and suspension and debarment. Further, documentation of approvals and support to verify the proper review and execution of procurement practices, which are highlighted below, did not exist during FY '13.

- Requirement to maintain contract files that document significant procurement history
- Methods of procurement authorized including selection of contract type, contractor selection or rejection, and the basis of contract price
- Verification that procurements provide full and open competition
- Requirements for cost or price analyses (including for contract modifications)
- Requirements to obtain and react to suspension and debarment certifications
- Requirements that prohibit the award of a subaward, covered contract, or any other covered agreement for program administration, goods, services, or any other program purpose with any suspended or debarred party
- Requirements of the organization to determine for subawards of any value and procurement contracts equal to or exceeding $100,000, that the organization and its principals are not suspended or debarred
- Requirements of the organization to obtain conflict-of-interest statements from individuals responsible for the procurement of goods or services. The 2011 Financial Guide further states that the organization must have a documented process to check for organizational conflicts of interest with potential contractors.
- Required contract provisions

Questioned Costs:

None

Cause:

Internal controls were not adequately designed to ensure compliance with the provisions of OMB Circular A-110 and grant requirements related to procurement. Specifically, the organization did not have formal procedures and/or retained files to verify procurement transactions were conducted in open, free and fair competition, to document its assessment of contractors' performance, to verify that subawards of any value and procurement contracts equal to or exceeding $100,000 were not awarded to suspended or debarred parties and to maintain records supporting procurement transactions.

Effect:

This could result in goods and services not being procured in compliance with federal and award provisions.
Finding 2013-4: Procurement and Suspension and Debarment (Continued)

Recommendation:
We recommend that the organization enhance its policies and procedures related to the procurement of goods and services. Specifically, formal procurement procedures that encompass federal and grant award requirements should be implemented and followed by the Organization. Written internal controls should be enhanced to ensure compliance with procurement requirements. Lastly, documentation of all procurement related files and records should be maintained by the organization for at least three years after receiving notification from the awarding agency that the award has been financially and programmatically closed.

Views of Responsible Officials and Planned Corrective Actions:
Remediated

Status of Prior Year Finding:
This finding was partially remediated as of June 30, 2015. See current year finding at Section III, 2015-001.

Finding 2013-5: Program Income

Impacted Programs:
Federal Agency: Department of Justice
Program: Juvenile Mentoring Program
CFDA Number: 16.726
Award Numbers: 2010-JU-FX-0005 & 2011-MU-MU-0017

Federal Agency: Department of Justice
Program: Tribal Youth Program
CFDA Number: 16.731
Award Numbers: 2010-TY-FX-0104 & 2011-TY-FX-0030

Criteria:
Based on review of the terms and conditions of the grant agreements, the organization is required to report program income earned on FFR reports and the income should be used for grant-related expenditures or returned to the granting agency.

Condition:
All Major Programs
Documentation of approvals and support to evidence correct reporting of program income to the Department of Justice, did not exist during FY '13. The Department of Justice considers a portion of fees charged to subrecipients of the award to represent program income.

Questioned Costs:
None

(Continued)
Finding 2013-5: Program Income (Continued)

Cause:
The Organization did not believe it program generated income.

Effect:
The Organization did not track program income to ensure it was used for grant-related expenditures or returned to the Department of Justice.

Recommendation:
Management should work with the Department of Justice to determine what constitutes program income to ensure that if program income is generated, the Organization appropriately reports and expends or returns the income.

Views of Responsible Officials and Planned Corrective Actions:
Remediated

Status of Prior Year Finding:
This finding was remediated.

Finding 2013-6: Reporting

Impacted Programs:
Federal Agency: Department of Justice
Program: Juvenile Mentoring Program
CFDA Number: 16.725
Award Numbers: 2010-JU-FX-0005 & 2011-MU-MU-0017

Federal Agency: Department of Justice
Program: Tribal Youth Program
CFDA Number: 16.731
Award Numbers: 2010-TY-FX-0104 & 2011-TY-FX-0030

Criteria:
OMB Circular A-110, _51_ and _52_ set forth standards for use by recipients in establishing reporting procedures. The grant award specifically requires the submission of quarterly financial status reports that reflect actual funds spent and any unpaid obligations incurred through the reporting period.

The Federal Funding Accountability and Transparency Act (FFATA) requires recipients of awards granted on or after October 1, 2010 to report certain information about themselves and their first-tier subrecipients for subawards of $25,000 or more.

Condition:
Financial Reporting
All Major Programs

Due to the fact that documentation for the majority of the costs incurred by the Organization did not exist at the time expenditures were incurred, as displayed by the allowable cost testing described in Finding 2013-2 above, accuracy of and reliability on the reports submitted by the Organization is also not achieved. In addition, documentation of proper preparation and review of the reports did not exist during FY ‘13.
Finding 2013-6: Reporting (Continued)

Questioned Costs:
None

Cause:
The Organization did not maintain contemporaneous documentation of actual expenditures. In addition, documentation for the preparation and review of reports was not retained and there were not appropriate controls over reporting to ensure all required reports were identified and submitted timely and accurately.

Effect:
The organization is not in compliance with federal grantor reporting requirements for the year ended June 30, 2013.

Recommendation:
We recommend that the organization enhance controls over the reporting process. Specifically, reports should reflect actual award activity and the organization should maintain records that support amounts included in reports. Reports should be reviewed by an appropriate individual, other than the preparer, who has requisite knowledge and skills in light of reporting requirements. Procedures should be implemented to ensure all required reports are identified, prepared accurately and appropriately submitted.

Views of Responsible Officials and Planned Corrective Actions:
Remediated

Status of Prior Year Finding:
This finding was remediated.

Finding 2013-7: Subrecipient Monitoring

Impacted Programs:
Federal Agency: Department of Justice
Program: Juvenile Mentoring Program
CFDA Number: 16.726
Award Numbers: 2010-JU-FX-0005 & 2011-MU-MU-0017

Federal Agency: Department of Justice
Program: Tribal Youth Program
CFDA Number: 16.731
Award Numbers: 2010 TY-FX-0104 & 2011-TY-FX-0030

Criteria:
OMB Circular A-110, Section (a) states that recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in Section 26.

The 2011 Financial Guide requires subaward agreements to identify federal award information and applicable compliance requirements. The 2011 Financial Guide also requires award recipients ensure subrecipients have a valid DUNS profile no later than the due date of the first quarterly report after a subaward is made.

(Continued)
Finding 2013-7: Subrecipient Monitoring (Continued)

Condition:
The Organization did not have formal policies and procedures for monitoring subrecipients during the award to provide reasonable assurance that subrecipients used federal funding for authorized purposes and complied with laws, regulations, and the provisions of the grant agreement. The Organization did not perform a formal risk assessment, at the onset of the award or periodically, for each subrecipient to which funding was awarded. The Organization did not have formal policies and procedures to ensure subrecipients performed corrective actions included in audit reports and to document this verification. As such, documentation for compliance with subrecipient monitoring requirements did not exist during FY ‘13.

Questioned Costs:
None

Cause:
OMB Circular A-110 and award requirements were not consistently followed by the organization to ensure subawards were adequate, subrecipients were appropriately monitored and that monitoring procedures were appropriately documented. The organization's policies did not reflect the intended subrecipient monitoring procedures with respect to management's risk assessment process and ongoing monitoring. Ultimately communications with subrecipients were not sufficient with respect to the information the organization needed from subrecipients to perform monitoring procedures.

Effect:
Lack of appropriate subrecipient monitoring procedures could result in subrecipients charging unallowable costs to the grant award.

Recommendation:
We recommend that the organization ensure appropriate monitoring procedures are in place and that those procedures are documented and reviewed. We also recommend that the organization formally document its policies and procedures of the risk assessment process for each subrecipient. Consideration should be given to the upfront risk assessment as well as periodic updates to the risk assessment over the life of the award.

Views of Responsible Officials and Planned Corrective Actions:
Remediated

Status of Prior Year Finding:
This finding was partially remediated as of June 30, 2015. See current year finding at Section III, 2015-003.

Impacted Programs:
Federal Agency: Department of Justice
Program: Juvenile Mentoring Program
CFDA Number: 16.726
Award Numbers: 2010-JU-FX-0005 & 2011-MU-MU-0017

Federal Agency: Department of Justice
Program: Tribal Youth Program
CFDA Number: 16.731
Award Numbers: 2010-TY-FX-0104 & 2011-TY-FX-0030

Criteria:
In accordance with the grant agreement, successors to key personnel must be approved by the Department of Justice. Changes in other program personnel require notification to OJP and submission of resumes.

Condition:
All Major Programs
Management did not have written policies and procedures to track personnel changes made after budget approval, to notify the Department of Justice of those changes, or to obtain appropriate approval for such changes.

Questioned Costs:
None

Cause:
The organization did not have a formal system of notifying the Department of Justice of changes to grant personnel.

Effect:
The organization is not in compliance with the federal grantor’s requirements over special tests and provisions for the year ended June 30, 2013.

Recommendation:
We recommend that the organization implement a system to track changes to grant personnel and notify the Department of Justice in a timely manner as required by the grant award.

Views of Responsible Officials and Planned Corrective Actions:
Remediated

Status of Prior Year Finding:
This finding was remediated.
Part B - Reports of Other Auditors

The Department of Justice performed an audit of certain federal programs administered by Big Brothers Big Sisters of America and issued their report dated June 2013. Their report included findings in the following areas: overall internal control environment, subrecipient monitoring, documentation of grant expenditures, indirect costs, drawdowns, budget and management control, property, grant reporting, and program income. Please see footnote 2 to the audited financial statements for additional information regarding this matter.