

Financial Statements

**BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

YEARS ENDED JUNE 30, 2014 AND 2013

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**INDEPENDENT AUDITORS' REPORT ON THE COMBINED
BASIC FINANCIAL STATEMENTS AND SCHEDULE
OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

Board of Directors
Big Brothers Big Sisters of Northeast Florida, Inc.
(A Not-for-Profit Organization)
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Big Brothers Big Sisters of Northeast Florida, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2014 and 2013, 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 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.

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 Northeast Florida, Inc. as of June 30, 2014 and 2013, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, Chapter 10.650, Rules of the Auditor General is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014, on our consideration of Big Brothers Big Sisters of Northeast Florida, Inc.'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 Brothers Big Sisters of Northeast Florida, Inc.'s internal control over financial reporting and compliance.

The information on page 18 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Masters Smith & Wisby, P.A.

Certified Public Accountants
Jacksonville, Florida

October 21, 2014

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	June 30	
	2014	2013
Current Assets:		
Cash	\$ 94,876	\$ 54,958
Accounts receivable - grants and contracts	194,276	39,909
Prepaid expenses	20,234	5,947
Total Current Assets	309,386	100,814
 Property and Equipment, At Cost:		
Furniture and fixtures	31,148	31,148
Equipment	131,990	123,199
	163,138	154,347
Less, accumulated depreciation	149,633	146,011
Total Property and Equipment	13,505	8,336
Total Assets	\$ 322,891	\$ 109,150
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 28,879	\$ 18,551
Bank line of credit	28,972	-
Deferred revenue	10,000	-
Total Liabilities, all current	67,851	18,551
 Net Assets:		
Unrestricted		
Operating	180,214	17,329
Francis Johnson Fund	55,000	55,000
Temporarily restricted	19,826	18,270
Total Net Assets	255,040	90,599
Total Liabilities and Net Assets	\$ 322,891	\$ 109,150

See notes to financial statements

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES

	Years Ended June 30	
	2014	2013
Unrestricted Net Assets		
Support and Revenue:		
Contributions and grants - other organizations	\$ 1,582,752	\$ 1,212,997
United Way designated	26,603	34,764
Contributions - general public	109,292	129,391
Contributions - In-kind	89,397	37,720
Special events	140,316	172,322
Other income	-	8,127
Investment income	33	804
	<hr/>	<hr/>
Total Unrestricted Support and Revenue	1,948,393	1,596,125
	<hr/>	<hr/>
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	18,270	31,133
	<hr/>	<hr/>
Total Unrestricted Support and Revenues and Net Assets Released from Restrictions	1,966,663	1,627,258
	<hr/>	<hr/>
Expenses:		
Program expense	1,535,665	1,438,454
Management and general	96,046	110,239
Fund raising	172,067	125,764
	<hr/>	<hr/>
Total Expenses	1,803,778	1,674,457
	<hr/>	<hr/>
Change in Unrestricted Net Assets	162,885	(47,199)
	<hr/>	<hr/>
Changes in Temporarily Restricted Net Assets:		
Contributions	19,826	18,270
Net assets released from restrictions	(18,270)	(31,133)
	<hr/>	<hr/>
Change in Temporarily Restricted Net Assets	1,556	(12,863)
	<hr/>	<hr/>
Change in Net Assets	164,441	(60,062)
	<hr/>	<hr/>
Net Assets, Beginning of Year	90,599	150,661
	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 255,040</u>	<u>\$ 90,599</u>

See notes to financial statements

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	Program Expense			Management and General	Fund Raising	Total Expense
	Community Based	Bigs In Schools	Total Program Expense			
Personnel Expenses:						
Salaries	\$ 118,986	\$ 858,339	\$ 977,324	\$ 53,982	\$ 85,069	\$ 1,116,375
Employee benefits	21,835	87,539	109,374	3,525	7,829	120,728
Payroll taxes, etc.	9,520	65,616	75,135	3,282	6,479	84,896
Total Personnel Expenses	<u>150,340</u>	<u>1,011,493</u>	<u>1,161,833</u>	<u>60,789</u>	<u>99,377</u>	<u>1,321,999</u>
Operational Expenses:						
Conferences, conventions and meetings	480	1,832	2,312	14,143	86	16,541
Advertising	21,953	9,623	31,576	1,152	990	33,718
Membership dues	16,008	18,777	34,785	5,454	-	40,239
Occupancy	14,052	48,375	62,427	-	3,131	65,558
Postage and shipping	149	1,032	1,181	84	61	1,326
Printing and publications	154	6,854	7,008	63	265	7,336
Professional fees	3,456	31,194	34,650	6,234	29,290	70,174
Rental and maintenance of equipment	1,850	5,117	6,967	65	-	7,032
Screening	2,696	7,126	9,821	105	48	9,974
Supplies	632	5,145	5,776	28	181	5,985
Insurance	6,766	14,620	21,386	-	-	21,386
Telephone	3,613	9,627	13,239	91	1,400	14,730
Training	-	316	316	162	-	478

(continued)

See notes to financial statements

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014
(continued)

	Program Expense			Management and General	Fund Raising	Total Expense
	Community Based	Bigs In Schools	Total Program Expense			
Operational Expenses (continued):						
Travel and transportation	\$ 283	\$ 15,510	\$ 15,793	\$ 121	\$ 7	\$ 15,921
Program expenses	6,883	1,491	8,374	-	-	8,374
Special events	-	-	-	(142)	36,925	36,783
Interest expense	-	-	-	1,370	-	1,370
Other expenses	111,146	3,455	114,600	6,327	306	121,233
Total Operational Expenses	190,119	180,092	370,211	35,257	72,690	478,158
Depreciation	3,621	-	3,621	-	-	3,621
Total Expenses	<u>\$ 344,080</u>	<u>\$ 1,191,585</u>	<u>\$ 1,535,665</u>	<u>\$ 96,046</u>	<u>\$ 172,067</u>	<u>\$ 1,803,778</u>

See notes to financial statements

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	Program Expense			Management and General	Fund Raising	Total Expense
	Community Based	Bigs In Schools	Total Program Expense			
Personnel Expenses:						
Salaries	\$ 275,812	\$ 692,901	\$ 968,713	\$ 64,224	\$ 74,090	\$ 1,107,027
Employee benefits	33,568	72,837	106,404	666	7,306	114,376
Payroll taxes, etc.	27,033	48,827	75,860	2,769	4,218	82,847
Total Personnel Expenses	<u>336,413</u>	<u>814,565</u>	<u>1,150,977</u>	<u>67,659</u>	<u>85,614</u>	<u>1,304,250</u>
Operational Expenses:						
Conferences, conventions and meetings	934	1,896	2,830	13,399	38	16,267
Advertising	2,789	398	3,187	58	5	3,250
Membership dues	13,318	16,872	30,190	11,893	-	42,083
Occupancy	19,995	38,766	58,760	3,585	3,008	65,353
Postage and shipping	429	1,229	1,657	36	264	1,957
Printing and publications	1,820	8,160	9,980	480	-	10,460
Professional fees	7,195	11,096	18,291	5,924	63	24,278
Rental and maintenance of equipment	4,163	9,275	13,438	66	-	13,504
Screening	3,115	5,046	8,161	33	-	8,194
Supplies	999	2,352	3,351	170	498	4,019
Insurance	5,461	15,385	20,846	-	-	20,846
Telephone	4,555	9,525	14,079	601	837	15,517
Training	425	197	622	-	-	622

(continued)

See notes to financial statements

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013
(continued)

	<u>Program Expense</u>					
	<u>Community Based</u>	<u>Bigs In Schools</u>	<u>Total Program Expense</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expense</u>
Operational Expenses (continued):						
Travel and transportation	\$ 1,051	\$ 12,303	\$ 13,354	\$ 618	\$ -	\$ 13,972
Program expenses	1,716	1,229	2,945	-	-	2,945
Special events	-	-	-	3,100	34,937	38,037
Meals & entertainment	245	209	454	-	-	454
Other expenses	73,493	9,976	83,469	2,617	500	86,586
Total Operational Expenses	<u>141,702</u>	<u>143,912</u>	<u>285,614</u>	<u>42,580</u>	<u>40,150</u>	<u>368,344</u>
Depreciation	<u>1,863</u>	<u>-</u>	<u>1,863</u>	<u>-</u>	<u>-</u>	<u>1,863</u>
Total Expenses	<u>\$ 479,977</u>	<u>\$ 958,477</u>	<u>\$ 1,438,454</u>	<u>\$ 110,239</u>	<u>\$ 125,764</u>	<u>\$ 1,674,457</u>

See notes to financial statements

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 164,441	\$ (60,062)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	3,621	1,863
In-kind contributions of assets	-	-
Changes in operating assets and liabilities:		
Accounts receivable	(154,367)	(24,855)
Prepaid expenses	(14,287)	(2,169)
Accounts payable and accrued expenses	10,328	612
Deferred revenue	10,000	-
	19,736	(84,611)
Cash Flows from Investing Activities:		
Purchase of equipment	(8,790)	-
Cash Flows from Financing Activities:		
Net proceeds from bank line of credit	28,972	-
	39,918	(84,611)
Net Change in Cash		
Cash, Beginning of Year	54,958	139,569
Cash, End of Year	\$ 94,876	\$ 54,958

See notes to financial statements

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2014 and 2013

A. Summary of Significant Accounting Policies:

Nature of Activities

Big Brothers Big Sisters of Northeast Florida, Inc. (the "Organization") is a not-for-profit organization located in Jacksonville, Florida established to provide children from single-parent families with a big brother or big sister in a one-to-one relationship that offers a meaningful and purposeful experience of friendship relating to the basic needs of growing individuals. The Organization provides the following programs: The One-To-One Mentoring Program and Bigs In Schools. The Organization serves families in Northeast Florida.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Accounting Standards Codification for financial statements of *Not-for-Profit Entities* (ASC 958). Under 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, cash represents all demand deposits with commercial banks.

Allowance for Doubtful Accounts

The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value of the property at the date of donation. Capitalization of assets received from the above sources is made only when the amount exceeds \$1,000. Depreciation is computed using the straight-line method from the date of acquisition over the estimated useful lives of the assets ranging from 5 to 10 years.

(continued)

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2014 and 2013
(continued)

A. Summary of Significant Accounting Policies (continued):

Contributions

The Organization follows FASB ASC topic 958 on *Not-for-Profit Entities for Contributions*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Tax Status

Under the provisions of the Internal Revenue Code, Section 501(c)(3), the Organization is exempt from taxes on income other than unrelated business income. Since the Organization had no net unrelated business income, no provision for income taxes was made. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization takes tax positions which it feels are adhering to the laws established by the taxing authorities. The Organization doesn't believe it has taken any uncertain tax positions which could subject it to penalties or interest; therefore, none have been accrued in the accompanying financial statements. The taxing authorities have the right to audit the Organization's book for the current year and the last three open tax years which are 2013, 2012, and 2011.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs including fund raising activities and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Reclassification of Financial Statement Presentation

Certain reclassifications have been made to the June 30, 2013 financial statements to conform to the June 30, 2014 presentation. Such reclassifications have had no effect on change in net assets as previously reported.

B. Accounts Receivable - Grants and Contracts:

Accounts receivable – grants and contracts as of June 30, 2014 and 2013, consist of the following:

	<u>2014</u>	<u>2013</u>
Big Brothers Big Sisters Association of Florida	\$ 158,241	\$ 33,822
State of Florida, Department of Juvenile Justice	17,087	-
Assessment Technologies	-	2,500
Hancock Bank	2,500	-
Other	1,033	23
City of Jacksonville	15,415	3,564
Total	<u>\$ 194,276</u>	<u>\$ 39,909</u>

(continued)

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2014 and 2013
(continued)

C. Net Assets

Contributions are recognized when the donor makes a promise to give to the Organization; that is, in substance, unconditional. Contributions that are received subject to certain donor stipulation are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

The Organization received \$19,826 and \$18,270 of contributions with donor-imposed restrictions that would result in temporarily restricted net assets for the years ended June 30, 2014 and 2013, respectfully.

D. Francis Johnson Fund:

Unrestricted net assets include the Francis Johnson Fund, which is an unrestricted quasi-endowment fund established by the board on August 16, 1978, in order to limit use of the funds to other than current operating purposes. The fund was formed from the proceeds of the sale of property donated to the Organization. A quasi-endowment fund includes funds that the board, rather than a donor or other external agency, has determined are to be retained and invested for future use. As of June 30, 2014 and 2013, the amount of these designated funds totaled \$55,000.

E. Donated Services, Facilities and Materials

The Organization receives donated services from unpaid volunteers in support of the Big Brothers Big Sisters programs. No amounts have been recognized in the accompanying statement of activities for donated services from unpaid volunteers, because the criteria for recognition have not been met. The Organization received 55,534 and 57,338 volunteer hours for the years ended June 30, 2014 and 2013, respectively.

Donated materials and services are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhanced or created nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

F. Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at two financial institutions located in Jacksonville, Florida, which may at times exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each institution are insured by the FDIC up to \$250,000. The Organization has not experienced any losses in such accounts. There were no amounts in excess of the FDIC insured limit as of June 30, 2014.

(continued)

**BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2014 and 2013
(continued)**

G. Line of Credit:

The Organization has secured a \$50,000 line of credit with Hancock Bank for short-term working capital requirements. The advances under the line of credit accrue at an interest rate of U.S. prime rate plus 1.50% per annum and was 4.75% at June 30, 2014. The advances are secured by all accounts receivable. Advances outstanding at June 30, 2014 were \$28,972. On September 25, 2014 the line of credit was renewed at substantially the same terms with a maturity date of September 25, 2015.

H. Concentrations of Revenue:

The Organization's major sources of support are through United Way, Jacksonville Children's Commission and Big Brother and Big Sisters of Florida, which, together, account for 65% of total support and revenue for the year ended June 30, 2014. For the year ended 2013 the Organization's major sources of support were through United Way, Jacksonville Children's Commission and Big Brother and Big Sisters of Florida, which, together, which accounted for 58% of total support and revenue.

I. Related Party Transactions:

The Organization is required to pay affiliation fees to Big Brothers Big Sisters of America and Big Brothers Big Sisters of Florida based on expenses incurred less certain allowances. The affiliation fee for the years ended June 30, 2014 and 2013 was \$28,471 and \$27,594, respectively. The Organization received grant funds from Big Brothers Big Sisters of Florida in the amount of \$471,188 and \$202,819 for the years ended June 30, 2014 and 2013, respectively. The Organization received grant funds from Big Brothers Association of America in the amount of \$49,253 and \$98,857 for the years ended June 30, 2014 and 2013, respectively. Amounts due to the Organization from Big Brothers Big Sisters of Florida were \$158,241 and \$33,822 at June 30, 2014 and 2013, respectively.

J. Leases:

The Organization leases office space and certain equipment under operating leases expiring in various years through 2018. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2014, for each year and in the aggregate are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2015	\$ 53,485
2016	5,188
2017	4,524
2018	<u>3,770</u>
Total	<u>\$ 66,967</u>

Summary of rental expense under all operating leases is as follows:

	<u>2014</u>	<u>2013</u>
Office lease	\$ 62,625	\$ 61,059
Equipment	<u>6,516</u>	<u>7,519</u>
Total	<u>\$ 69,141</u>	<u>\$ 68,578</u>

**BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2014 and 2013
(continued)**

K. Retirement Plan:

The Organization sponsors a 401(K) Retirement Plan for all employees fulfilling minimum age and service requirements. Employees are entitled to contribute a percentage of their eligible compensation within limitations established by the Internal Revenue Service. The Organization will match 25% of the participant's deferral up to a maximum of 6% of that participant's compensation. The matching contribution for the years ended June 30, 2014 and 2013 was \$4,903 and \$5,450, respectively.

L. Subsequent Events:

The Organization has evaluated subsequent events through October 21, 2014, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

**BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2014**

State Agency/Pass-Through Entity/State Project	<u>CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
State of Florida, Department of Juvenile Justice/ Big Brothers Big Sisters Association of Florida, Inc./ Mentoring Children of an Incarcerated Parent	80.029	10124	<u>\$ 133,159</u>
State of Florida, Department of Education/ Big Brothers Big Sisters Association of Florida, Inc./ Bigs Inspiring Scholastic Success (BISS)	48.068	N/A	<u>471,188</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 604,347</u></u>

**BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

**NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2014**

A. Basis of Presentation:

The schedule of expenditures of state financial assistance presented on page 16, includes state grant activity and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General, Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

SCHEDULE OF SOURCE AND EXPENDITURE OF CITY OF JACKSONVILLE, FLORIDA GRANT FUNDS
PER ORDINANCE CODE CHAPTER 118.205(c)
For Audit Year 2013-2014

City of Jacksonville Public Service Grants for Fiscal Year 2013/2014 Audit

Receipt of City Funds

	<u>City FY 2012- 2013 Grant 7304-29</u>	<u>City FY 2013- 2014 Grant 7304-30</u>
Amount of Award (per City budget ordinance) as amended	\$ 284,598	\$ 284,598
Actual Funds Received from City in Last Audit Period	(281,034)	-
Actual Amount Received this Period	<u>(3,564)</u>	<u>(269,183)</u>
Amount Remaining to be Distributed	<u>\$ -</u>	<u>\$ 15,415</u>

Expenditures of City Funds

City FY 2012-2013 Grant No. 7304-29 - Bigs in Communities and Sites (BICS), original budget \$284,598 amended budget of \$284,598.

<u>Item</u>	<u>(Unaudited) Original Budget</u>	<u>(Unaudited) Amended Budget</u>	<u>Actual 7/1/2012- 9/30/2012</u>	<u>Actual 10/1/2012- 6/30/2013</u>	<u>Actual 7/1/2013- 9/30/2013</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
Salaries & benefits	\$ 255,040	\$ 255,040	\$ 65,057	\$ 189,983	\$ -	\$ 255,040	\$ -
Insurance	5,454	5,454	1,818	3,636	-	5,454	-
Lease/rent - building	10,350	10,350	3,489	6,861	-	10,350	-
Lease/rent - equipment	2,160	1,361	338	1,023	-	1,361	-
Membership fees	2,200	2,200	1,456	744	-	2,200	-
Office expense - postage	414	156	78	78	-	156	-
Office expense - supplies	990	990	196	794	-	990	-
Office expense - telephone	2,610	2,610	427	2,183	-	2,610	-
Program consultants	2,000	3,057	636	2,421	-	3,057	-
Outside printing & artwork	720	720	34	686	-	720	-
Other allowable costs*	2,660	2,660	185	2,475	-	2,660	-
Total	<u>\$ 284,598</u>	<u>\$ 284,598</u>	<u>\$ 73,714</u>	<u>\$ 210,884</u>	<u>\$ -</u>	<u>\$ 284,598</u>	<u>\$ -</u>

City FY 2013-2014 Grant No. 7304-30 - Bigs in Communities and Sites (BICS), original budget \$284,598 amended budget of \$284,598.

<u>Item</u>	<u>(Unaudited) Original Budget</u>	<u>(Unaudited) Amended Budget</u>	<u>Actual 7/1/2013- 9/30/2013</u>	<u>Actual 10/1/2013- 6/30/2014</u>	<u>Actual 7/1/2014- 9/30/2014</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
Salaries & benefits	\$ 257,347	\$ 258,670	\$ 58,554	\$ 200,116	\$ -	\$ 258,670	\$ -
Insurance	4,420	2,925	705	2,220	-	2,925	-
Lease/rent - building	10,370	10,370	2,505	7,865	-	10,370	-
Lease/rent - equipment	1,350	1,146	324	822	-	1,146	-
Membership fees	2,200	2,602	1,178	1,424	-	2,602	-
Office expense - postage	375	375	-	375	-	375	-
Office expense - supplies	730	730	125	605	-	730	-
Office expense - telephone	2,351	1,825	430	1,395	-	1,825	-
Program consultants	2,235	2,235	167	2,068	-	2,235	-
Outside printing & artwork	720	720	-	720	-	720	-
Other allowable costs*	2,500	3,000	147	2,853	-	3,000	-
Total	<u>\$ 284,598</u>	<u>\$ 284,598</u>	<u>\$ 64,135</u>	<u>\$ 220,463</u>	<u>\$ -</u>	<u>\$ 284,598</u>	<u>\$ -</u>

*Background screenings and client transportation



**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**

To the Board of Directors
Big Brothers Big Sisters of Northeast Florida, Inc.
Jacksonville, 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 Northeast Florida, Inc. (a non-for-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Brothers Big Sisters of Northeast Florida, Inc.'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 Big Brothers Big Sisters of Northeast Florida, Inc.'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 Big Brothers Big Sisters of Northeast Florida, Inc.'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.

Masters Smith & Wisby, P.A.

Certified Public Accountants
Jacksonville, Florida

October 21, 2014



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

To the Board of Directors
Big Brothers Big Sisters of Northeast Florida, Inc.
Jacksonville, Florida

Report on Compliance for Each Major State Project

We have audited Big Brothers Big Sisters of Northeast Florida, Inc. (a non-for-profit organization) compliance with the types of compliance requirements described in Chapter 10.650, Rules of the Auditor General that could have a direct and material effect on each of Big Brothers Big Sisters of Northeast Florida, Inc.'s major State projects for the year ended June 30, 2014. Big Brothers Big Sisters of Northeast Florida, Inc.'s major State projects 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 State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Big Brothers Big Sisters of Northeast Florida, Inc.'s major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about Big Brothers Big Sisters of Northeast Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State projects. However, our audit does not provide a legal determination of Big Brothers Big Sisters of Northeast Florida, Inc.'s compliance.

Opinion on Each Major State Project

In our opinion, Big Brothers Big Sisters of Northeast Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Big Brothers Big Sisters of Northeast Florida, Inc. 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 Big Brothers Big Sisters of Northeast Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, 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 Big Brothers Big Sisters of Northeast Florida, Inc.'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 State project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Masters Smith & Wisby, P.A.

Certified Public Accountants
Jacksonville, Florida

October 21, 2014

**BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Financial Statements:

Type of Auditors' Report	Unqualified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Significant deficiency(s) identified not considered to be material weakness	None Reported
Noncompliance material to financial statements noted	No

State Projects:

Internal Control Over State Projects:	
Material weakness identified?	No
Significant deficiency(s) identified not considered to be material weakness	None reported
Type of auditors' report issued on compliance for major state projects:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General	No

Identification of major programs:

<u>State Projects</u>	<u>CSFA No.</u>	<u>Year</u>
Mentoring Children of an Incarcerated Parent	80.029	2013-2014
Bigs Inspiring Scholastic Success (BISS)	48.068	2013-2014
		<u>State</u>
Dollar threshold used to distinguish Type A Type B programs:		\$ 100,000

**BIG BROTHERS BIG SISTERS OF NORTHEAST FLORIDA, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014
(continued)**

Financial Statement Findings:

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Major State Projects Findings and Questioned Costs:

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General.

Other Matters:

The management letter required by A.G. Rule Section 10.656(3)(e) is not included in this report because there were no findings required to be reported that were not addressed in the Financial Statement Findings.

A Corrective Action Plan is not required because there were no findings required to be reported under the State Single Audit Act.

A Summary Schedule of Prior Audit Findings is not presented because there were no prior audit findings related to State programs.