BIG BROTHERS BIG SISTERS OF AMERICA

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

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CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Big Brothers Big Sisters of America (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization has adopted ASU 2016-02, *Leases (Topic 842)* for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Tampa, Florida
March 26, 2024

BIG BROTHERS BIG SISTERS OF AMERICA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 44,530,672	$ 42,900,751
Accounts receivable from affiliated agencies (net of allowance for doubtful accounts of $75,000 in 2023 and 2022)	1,030,776	637,528
Contributions and government grants receivable	5,545,456	7,172,244
Prepaid expenses and other assets	1,216,777	1,272,103
Property and equipment	259,560	-
Operating lease right-of-use assets	651,124	-
Investments	3,436,277	3,461,761
Beneficial interest in trust	2,723	2,723
Endowment investments	1,715,785	1,750,314
Total assets	$ 58,389,150	$ 57,197,424
LIABILITIES AND NET ASSETS		
Grants payable to local agencies	$ 6,903,504	$ 7,629,466
Deferred revenue	1,040,909	1,252,929
Accounts payable and accrued expenses	2,614,859	1,106,935
Operating lease liabilities	651,124	-
Total liabilities	11,210,396	9,989,330
Net assets		
Without Donor Restrictions		
Undesignated	34,684,152	42,691,797
Board designated	99,000	100,250
Total net assets without donor restrictions	34,783,152	42,792,047
With Donor Restrictions	12,395,602	4,416,047
Total net assets	47,178,754	47,208,094
Total liabilities and net assets	$ 58,389,150	$ 57,197,424

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2023

	2023 Without Donor Restrictions	2023 With Donor Restrictions	2023 Total
Public support and revenue			
Public support			
Contributions and grants	$ 9,902,950	$ 14,535,868	$ 24,438,818
Government funding	14,969,293	-	14,969,293
Contributions of nonfinancial assets	3,840,527	-	3,840,527
	28,712,770	14,535,868	43,248,638
Revenues			
Memberships	5,263,489	-	5,263,489
Investment income	163,508	-	163,508
Other income	2,289,937	-	2,289,937
	7,716,934	-	7,716,934
Net assets released from restrictions			
Satisfaction of program restrictions	6,556,313	(6,556,313)	-
Total public support and revenues	42,986,017	7,979,555	50,965,572
Expenses			
Program services			
Program implementation	14,520,127	-	14,520,127
Agency services, support and development	24,735,795	-	24,735,795
Child safety, standards and compliance	3,025,705	-	3,025,705
	42,281,627	-	42,281,627
Support services			
Management and general	3,700,130	-	3,700,130
Fundraising	5,013,155	-	5,013,155
Total support services	8,713,285	-	8,713,285
Total expenses	50,994,912	-	50,994,912
Changes in net assets	(8,008,895)	7,979,555	(29,340)
Net assets, beginning of year	42,792,047	4,416,047	47,208,094
Net assets, end of year	$ 34,783,152	$ 12,395,602	$ 47,178,754

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions and grants	$ 47,054,646	$ 1,148,280	$ 48,202,926
Government funding	12,688,364	-	12,688,364
Contributions of nonfinancial assets	4,781,276	-	4,781,276
	64,524,286	1,148,280	65,672,566
Revenues			
Memberships	5,454,463	-	5,454,463
Investment income	(238,967)	(527,083)	(766,050)
Other income	1,085,154	-	1,085,154
	6,300,650	(527,083)	5,773,567
Net assets released from restrictions			
Satisfaction of program restrictions	2,561,997	(2,561,997)	-
Total public support and revenues	73,386,933	(1,940,800)	71,446,133
Expenses			
Program services			
Program implementation	10,310,289	-	10,310,289
Agency services, support and development	18,712,940	-	18,712,940
Child safety, standards and compliance	2,389,221	-	2,389,221
	31,412,450	-	31,412,450
Support services			
Management and general	2,835,154	-	2,835,154
Fundraising	2,579,710	-	2,579,710
Total support services	5,414,864	-	5,414,864
Total expenses	36,827,314	-	36,827,314
Changes in net assets	36,559,619	(1,940,800)	34,618,819
Net assets, beginning of year	6,232,428	6,356,847	12,589,275
Net assets, end of year	$ 42,792,047	$ 4,416,047	$ 47,208,094

See accompanying notes to financial statements.

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (29,340)	$ 34,618,819
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,399	-
Loss (gain) on investments	(168,156)	490,743
Decrease (increase) in assets:		
Accounts receivable from affiliated agencies	(393,248)	(49,016)
Contributions and grants receivable	1,626,788	(2,266,501)
Prepaid expenses and other assets	55,326	(52,488)
Operating lease right-of-use assets	(651,124)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,507,924	221,854
Grants payable to local agencies	(725,962)	3,269,680
PPP loan forgiveness	-	(807,400)
Deferred revenue	(212,020)	(21,160)
Operating leases	651,124	-
Net cash provided by operating activities	1,665,711	35,404,531
Cash flows from investing activities		
Purchase of investments	(121,831)	(1,368,169)
Proceeds from sale of investments	350,000	350,050
Net cash used in investing activities	(35,790)	(1,018,119)
Cash flows from financing activities		
Payments on loans payable	-	(1,350,000)
Net cash used in financing activities	-	(1,350,000)
Net increase in cash and cash equivalents	1,629,921	33,036,412
Cash and cash equivalents		
Beginning of the year	42,900,751	9,864,339
End of the year	$ 44,530,672	$ 42,900,751
Supplemental disclosure of cash flow information		
In-kind contributions	$ 3,840,527	$ 4,975,140
Interest Paid	-	39,506
PPP loan forgiveness	-	807,400

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

	Program Implementation	Agency Services, Support and Development	Child Safety, Standards and Compliance	Total Program Services	Support Services: Management & General	Support Services: Fund Raising	Total Support Services	Total
Salaries and wages	$ 1,688,685	$ 3,461,804	$ 1,350,948	$ 6,501,437	$ 675,474	$ 1,266,514	$ 1,941,988	$ 8,443,425
Payroll taxes	142,856	292,854	114,285	549,995	57,142	107,142	164,284	714,279
Employee pension	24,000	49,199	19,200	92,399	9,600	18,000	27,600	119,999
Insurance benefits	130,263	267,040	104,211	501,514	52,105	97,698	149,803	651,317
Grants to local agencies	11,553,671	11,553,671	-	23,107,342	-	-	-	23,107,342
Professional services	195,157	7,691,888	894,612	8,781,657	2,097,852	1,206,344	3,304,196	12,085,853
Telephone, postage and shipping	31,707	12,683	10,567	54,957	22,195	14,797	36,992	91,949
Occupancy and maintenance	55,193	22,077	18,395	95,665	38,635	25,757	64,392	160,057
Printing, publications and promotions	97,427	38,971	32,470	168,868	68,199	45,466	113,665	282,533
Conferences, travel and events	15,404	144,790	12,405	172,599	441,126	1,792,113	2,233,239	2,405,838
Insurance	116,654	239,142	93,324	449,120	46,662	87,491	134,153	583,273
Information technology	411,266	843,096	329,013	1,583,375	164,507	308,450	472,957	2,056,332
Depreciation	880	1,804	704	3,388	351	660	1,011	4,399
Other	56,964	116,776	45,571	219,311	26,282	42,723	69,005	288,316
	$ 14,520,127	$ 24,735,795	$ 3,025,705	$ 42,281,627	$ 3,700,130	$ 5,013,155	$ 8,713,285	$ 50,994,912

See accompanying notes to financial statements.

BIG BROTHERS BIG SISTERS OF AMERICA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program Implementation	Agency Services, Support and Development	Child Safety, Standards and Compliance	Total Program Services	Support Services: Management & General	Support Services: Fund Raising	Total Support Services	Total
Salaries and wages	$ 1,081,718	$ 2,217,522	$ 865,374	$ 4,164,614	$ 432,687	$ 811,289	$ 1,243,976	$ 5,408,590
Payroll taxes	72,943	149,533	58,354	280,830	29,177	54,707	83,884	364,714
Employee pension	8,609	17,648	6,887	33,144	3,443	6,456	9,899	43,043
Insurance benefits	99,340	203,647	79,472	382,459	39,736	74,505	114,241	496,700
Grants to local agencies	7,834,537	7,834,537	-	15,669,074	-	-	-	15,669,074
Professional services	168,082	6,624,749	770,498	7,563,329	1,806,805	1,038,981	2,845,786	10,409,115
Telephone, postage and shipping	18,469	4,617	6,156	29,242	13,852	6,156	20,008	49,250
Occupancy and maintenance	113,947	28,487	37,982	180,416	85,460	37,982	123,442	303,858
Printing, publications and promotions	31,795	7,949	10,598	50,342	23,846	10,598	34,444	84,786
Conferences, travel and events	277,901	388,206	71,542	737,649	157,598	86,824	244,422	982,071
Insurance	86,655	177,644	69,324	333,623	34,662	64,992	99,654	433,277
Information technology	450,228	922,967	360,182	1,733,377	180,091	337,671	517,762	2,251,139
Other	66,065	135,434	52,852	254,351	27,797	49,549	77,346	331,697
	$ 10,310,289	$ 18,712,940	$ 2,389,221	$ 31,412,450	$ 2,835,154	$ 2,579,710	$ 5,414,864	$ 36,827,314

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Since 1904, Big Brothers Big Sisters of America (the “Organization” or “BBBSA”) has been matching youth in meaningful, enduring, professionally supported mentoring relationships with adult volunteers who defend their potential and help them achieve their biggest possible futures. The Organization’s evidence-based approach is designed to create positive youth outcomes, including educational success, avoidance of risky behaviors, higher aspirations, greater confidence, and improved relationships. In the past 10 years, with 243 affiliates in all 50 states, the Organization has served nearly 2 million children. Learn how to get involved at bbbs.org.

The Organization works closely with Big Brothers Big Sisters agencies ("local agencies" 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.

Effective June 25, 2021, BBBSA formed the BBBSA Charitable Fund, LLC (“LLC”). The LLC was formed to create an endowment with a portion of the gift from MacKenize Scott as well as other funds held in investments for BBBSA. The purpose of the LLC is to build a long-term strategy to support the mission of BBBSA. As BBBSA is the sole equity member of the LLC is consolidated within the BBBSA financial statements.

Basis of Presentation: The financial statements have been prepared on the accrual basis of accounting. Net assets and contributions received are classified based on the existence or absence of donor imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 (GAAP) 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.

Property and Equipment and Depreciation: Property and equipment is 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 is 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:

Building improvements	7 to 50 years
Furniture and equipment	3 to 7 years

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amount accrued for interest and penalties at June 30, 2023 or 2022.

Membership Fees: Membership fees are recorded as income when earned. Fees that have been received but not yet earned are shown as deferred revenue on the statement of financial position. Membership fees are recognized pro-rata over the applicable membership period. 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.

Deferred Revenue: Deferred revenue represents unearned membership revenue at June 30, 2023 and 2022. This amount includes affiliate membership and technology fees. The Organization’s unearned portion of membership fees is reflected as deferred revenue in the statement of financial position. The affiliate member and technology fees are billed monthly, quarterly, or annually based on a calendar year which has starting and ending dates that are differ from the Organization’s fiscal year end. Therefore, at the end of the fiscal year, a portion of the revenue from these fees is not yet earned.

A summary of changes in contract liabilities is as follows:

FY 2023	July 1, 2022	Recognized	Additions	June 30, 2023
Deferred affiliate fees	$ 858,183	$ (858,183)	$ 825,302	$ 825,302
Deferred technology fees	221,697	(221,697)	215,607	215,607
Deferred conference fees	173,049	(173,049)	-	-
Total funds	$ 1,252,929	$ (1,252,929)	$ 1,040,909	$ 1,040,909

FY 2022	July 1, 2021	Revenue Recognized	Deferred Revenue Additions	June 30, 2022
Deferred affiliate fees	$ 941,051	$ (941,051)	$ 858,183	$ 858,183
Deferred technology fees	333,038	(333,038)	221,697	221,697
Deferred conference fees	-	-	173,049	173,049
Total funds	$ 1,274,089	$ (1,274,089)	$ 1,252,929	$ 1,252,929

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: Private gifts and government grants that are not considered exchange transactions, including pledges, are recognized in the period received. Unconditional contributions are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Conditional contributions received in advance of eligibility requirements being met are recorded as grant advances.

Contributions with donor restrictions which are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions. Multi-year contributions are recorded at their estimated net present value using appropriate discount rates at the date of receipt. 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. As of June 30, 2023 and 2022, the Organization has a conditional contribution of $848,000 and $0, respectively, contingent upon on meeting programmatic outcomes.

Government Funding: The Organization receives grant revenue from governmental sources. Government grant revenue is considered a conditional contribution and is recognized as related costs are incurred.

Grants to Local Agencies: The Organization records grant expense as an unconditional promise to give upon approval of the grant. Conditional grants, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met. The Organization awards grants to the local agencies as part of its goal of enhancing program development and field services with the local agencies. These conditional 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 with and without donor restricted 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, 2023 and 2022, the Organization did not recognized any contributed services.

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 value at the date of receipt. The Organization received $3,425,000 and $4,781,276 in 2023 and 2022, respectively, of contributed advertising time and printing 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). Additional, during 2023 the Organization entered into a five year lease agreement with the base rent being contributed by the lease holder. Contribution of nonfinancial assets of $415,527 for the entire lease period was recognized in 2023. There were no such lease contributions in 2023.

The Organization recognized in-kind rental expense of $89,521 and $193,864 in 2023 and 2022, respectively, on the statement of activities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 practicably be calculated.

Endowment Investments: As of June 30, 2023 and 2022 the Organization has $1,616,785 and $1,650,064, respectively, in endowment assets that are restricted by donors and $99,000 and $100,250, respectively, designated by the board of directors. The Organization's total endowment funds are invested as follows:

	2023	2022
Cash and cash equivalents	$ 57,505	$ 12,412
Certificates of Deposit	-	423,249
Fixed income securities	1,658,280	1,314,653
	$ 1,715,785	$ 1,750,314

The income from endowment funds are used according to donor stated or board designated purpose, respectively.

Leases: The Organization enters into operating leases primarily for office space, phone and office equipment and determines if the arrangement is a lease at inception of the contract. For lease agreements entered into or reassessed after the adoption of ASC 842 and with terms greater than 12 months, the Organization records the related right-of-use assets (ROU) and lease liability at the present value of lease payments over the contract term using the risk-free interest rate, subject to certain adjustments. The Organization does separate lease and non-lease component. Certain leases include the option to renew the lease at the end of the initial term, with renewal terms that can extend the lease at the then market rate of rental payments. Such options are at the Organization's discretion and are evaluated by management, with only those that are reasonably certain of exercise included in determining the appropriate lease term. The Organization currently does not have any Finance leases as of adoption and as of June 30, 2023.

Functional Allocation of Expenses: The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Most expenses are charged to the department/function incurring the expense based on an administrative ratio which is based on the number of staff in each department as well as estimates of time and effort. Grants to local agencies are allocated evenly between Program Implementation and Agency Services. Professional Services and Conferences, Travel and Events are directly charged to the department/function incurring the expense.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications did not have an effect on net assets or change in net assets.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements: Effective July 1, 2022, the Organization adopted FASB ASU No. 2016-02, Leases (Topic 842) and several other ASUs that were issued as amendments to ASU No. 2016-02, which require lessees to record most leases on their statements of financial position as a lease liability with a corresponding right-of-use asset but continue to recognize the related rent expense within the change in net assets. The comparative prior period financial information has not been restated and continues to be reported under the accounting standards in effect for those periods (e.g., under Topic 840). Additionally, pursuant to Topic 842, accounting, and recognition for leases, qualifying as finance leases is unchanged from the prior accounting requirements under Topic 840, which referred to such leases as capital leases. The adoption of Topic 842 did not impact the Organization's net assets as of July 1, 2022.

The Organization elected to apply the optional transition method, under which an entity initially applies the new lease standard to existing leases at the beginning of the period of adoption. The Organization also elected the package of practical expedients permitted under the transition guidance within the new standard, which, among other things allowed the carry forward of the historical lease classification.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended June 30, 2023. Management has performed their analysis through March 26, 2024, the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events, which would require recognition or disclosure in the accompanying financial statements.

NOTE 2 - RESTRICTIONS ON NET ASSETS

Net Assets with donor restrictions include gifts of cash and other assets for which donor-imposed restrictions have not yet been met. Also included in this category are gifts that have donor-imposed restrictions which require the principal to remain intact, with the interest earned to be allocated between with and without donor restricted funds based on the donor stipulation. Net assets with donor restrictions at June 30:

	2023	2022
Time restrictions:		
In-kind lease	$ 332,422	$ -
Term endowment	1,330,966	1,604,111
Beneficial interest in trust	2,723	2,723
Total time restrictions	1,666,111	1,606,834
Purpose restrictions:		
Program implementation	4,125,239	968,155
Agency services	4,263,924	999,379
Child safety	1,955,508	467,998
Total purpose restrictions	10,344,671	2,435,532
Endowments:		
Donor restricted endowment funds	384,820	373,681
Total net assets with donor restrictions	$ 12,395,602	$ 4,416,047

(Continued)

NOTE 3 - CONTRIBUTIONS AND GOVERNMENT GRANTS RECEIVABLE

As of June 30, 2023 and 2022, the Organization recorded promises of funding of $5,545,456 and $7,172,244, respectively. The promises to give are considered fully collectible and consist of the following as of June 30:

	2023	2022
Less than 1 year	$ 5,545,456	$ 7,178,492
1-5 years	-	-
	5,545,456	7,178,492
Less: discount	-	(6,248)
Total net contributions receivable	$ 5,545,456	$ 7,172,244

Discounts are not applied to contributions received under one year. The total discount amount as of June 30, 2023 and 2022 was $0 and $6,248, respectively.

NOTE 4 – INVESTMENTS AND 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 record at cost which approximates fair value.

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

	2023	2022
Statement of Financial Position		
Cash and cash equivalents	$ 44,530,672	$ 42,900,751
Investments	3,436,277	3,461,761
Beneficial interest in trust	2,723	2,723
Endowment investments	1,715,785	1,750,314

(Continued)

NOTE 4 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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, 2023	Identical Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)	Total
Certificates of Deposit	$ -	$ 18,532	$ -	$ 18,532
Money Market Funds	-	2,178,067	-	2,178,067
Equities and Mutual Funds	1,281,332	-	-	1,281,332
Fixed Income Securities	-	1,674,131	-	1,674,131
Beneficial interest in trust	-	-	2,723	2,723
	$ 1,281,332	$ 3,870,730	$ 2,723	$ 5,154,785

June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Certificates of Deposit	$ -	$ 423,249	$ -	$ 423,249
Money Market Funds	-	2,113,255	-	2,113,255
Equities and Mutual Funds	1,099,637	-	-	1,099,637
Fixed Income Securities		1,575,934	-	1,575,934
Beneficial interest in trust	-	-	2,723	2,723
	$ 1,099,637	$ 4,112,438	$ 2,723	$ 5,214,798

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:

Beneficial Interest in Trusts Held with Others	2023	2022
Balance at beginning of year	$ 2,723	$ 2,723
Change in valuation of beneficial interest in trusts held by others	-	-
Balance at end of year	$ 2,723	$ 2,723

(Continued)

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Furniture and equipment	$ -	$ 502,737
Building improvements	263,959	46,481
	263,959	549,218
Less: Accumulated depreciation	(4,399)	(549,218)
	$ 259,560	$ -

NOTE 6 - PAYROLL PROTECTION PROGRAM LOAN

On April 23, 2020, the Organization was granted a loan (the Loan) from the US Small Business Administration (SBA) through Regions Bank in the aggregate amount of $807,400, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 23, 2020 issued by the Bank, matured on April 22, 2022 and bore an interest rate of 1.00% per annum. Funds from the Loan may be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, and utilities incurred before November 3, 2020.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The Organization accounted for the Loan as a loan payable. The loan program's expenditures and results were subject to review and acceptance by the SBA and, as a result of such review, future adjustments could be required. If the SBA does not forgive any portion of the PPP loan, the remaining balance would have a two-year repayment period and the interest rate on the loan would be 1%.

The Organization received notification from Regions Bank on July 6, 2021, that the SBA had forgiven the Organization's PPP loan. Because the Organization submitted its forgiveness application and the entire $807,400 loan was forgiven, the Organization was not required to make any payments of principal or accrued interest.

NOTE 7 – LOAN PAYABLE

Effective January 31, 2019, the Organization entered into a promissory note payable to The Minneapolis Foundation for $1,900,000. Interest on the note payable accrues at an annual fixed rate of 3.15%. Principal payments of $237,500 plus interest are due annually beginning on January 31, 2022 and maturing on December 31, 2028. At June 30, 2021 the principal balance on the loan was $1,350,000. During fiscal year 2022, the Organization made a voluntary advance principal payment to of $1,350,000 to repay the loan in total bringing the loan balance to zero as of June 30, 2022.

(Continued)

NOTE 8 - PENSION PLAN

The Organization sponsors a defined contribution pension plan (401(k)) 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. Starting July 2018, the Organization began a 1% employer discretionary match based upon participating employee's annual salary. For the twelve months ended June 30, 2023 and 2022, pension expense was $119,998 and $43,043, respectively.

The Organization maintains a non-qualified, unfunded 457(f) deferred compensation plan. This plan is designed for certain employees as incentive for contract completion. The plan defers receipt of portions of their compensation, thereby delaying taxation on the deferral amount and on subsequent earnings until the balance is distributed. No liability was recognized during 2023 and 2022, respectively.

NOTE 9 - RELATED PARTIES

As of June 30, 2023 and 2022, the Organization has no current receivables from members of its Board. The Organization recognized contribution revenue of $507,600 and $707,500 during the twelve months ended June 30, 2023 and 2022, respectively, from its Board.

NOTE 10 - LEASES

The Organization holds operating leases for office space. The Organization's lease agreements do not have a readily available implicit rate, so the Organization used the risk-free interest rate of return, which is derived from the Treasury Rates available at the lease commencement date, in determining the present value of lease payments.

Fixed lease payments are recognized as operating lease costs on a straight-line basis over the lease term. Right-of-use assets are periodically evaluated for impairment.

The following table summarizes the details for the Organization's operating leases recorded on the statement financial position as of June 30, 2023. The Organization did not have any finance leases recorded as of June 30, 2023:

	Operating
Right of use lease assets	$ 651,124
Current portion of lease obligations	122,951
Lease obligation, net of current portion	528,173
Weighted average remaining lease term (months)	53
Weighted average discount rate	3.67%

(Continued)

NOTE 10 – LEASES (Continued)

Present value of future minimum rental payments by year are as follows:

	Operating
2024	$ 150,429
2025	152,243
2026	154,108
2027	156,032
2028	48,529
Total Lease Payments	661,341
Less: Interest	(10,217)
Lease liabilities	$ 651,124

NOTE 11 - 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, 2023 and 2022, the Organization has $45,877,031 and $42,229,049, respectively, of cash and cash equivalents and investments in excess of the Federal Deposit Insurance Corporation limit.

NOTE 12 - CONTINGENCY

Litigation: From time to time, BBBSA has been named as a defendant in civil lawsuits. In management's opinion, potential exposure not covered by insurance is immaterial.

Federal Grants: Grant funds received by BBBSA are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may constitute a liability of BBBSA. In the opinion of management, disallowed costs, if any, would not be material to the financial statements of the BBBSA.

NOTE 13 - ENDOWMENT COMPOSITION

BBBSA's endowments include both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2023:

	Donor Restrictions	Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,616,785	$ 1,616,785
Board-designated funds	99,000	-	99,000
Total funds	$ 99,000	$ 1,616,785	$ 1,715,785

(Continued)

NOTE 13 - ENDOWMENT COMPOSITION (Continued)

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,650,064	$ 1,650,064
Board-designated funds	100,250	-	100,250
Total funds	$ 100,250	$ 1,650,064	$ 1,750,314

Changes in endowment net assets for the year ended June 30, 2023 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at beginning of year	$ 100,250	$ 1,650,064	$ 1,750,314
Net appreciation (realized and unrealized)	-	316,721	316,721
Distributions	(1,250)	(350,000)	(351,250)
Net assets at end of year	$ 99,000	$ 1,616,785	$ 1,715,785

Changes in endowment net assets for the year ended June 30, 2022 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at beginning of year	$ 100,250	$ 2,177,147	$ 2,277,397
Net appreciation (realized and unrealized)	-	(177,083)	(177,083)
Distributions	-	(350,000)	(350,000)
Net assets at end of year	$ 100,250	$ 1,650,064	$ 1,750,314

Interpretation of UPMIFA: The State of Florida enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2012. The Board of Directors of BBBSA requires the preservation of the "Historic Dollar Value", defined as the fair value of the original and subsequent gift(s) to the fund which shall be retained in the absence of explicit donor stipulations. This definition only applies to endowment funds subject to UPMIFA and does not include quasi-endowments, or funds where the 3rd party Trustee owns and controls the assets.

(Continued)

NOTE 13 - ENDOWMENT COMPOSITION (Continued)

As a result of this interpretation, BBBSA classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified temporarily as donor restricted until those amounts are appropriated for expenditure by BBBSA, or, unless deficiencies in the fair value of a fund fall below the level required by BBBSA to retain as perpetual. In accordance with UPMIFA, BBBSA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the organization
7) The investment policies of the organization.

<u>Return Objectives and Risk Parameters</u>: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts. BBBSA has adopted a conservative investment policy for endowment assets and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the BBBSA must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds.

<u>Strategies Employed for Achieving Objectives</u>: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to develop a new and significant source of revenue for the BBBSA. In so doing, the Endowment Fund will provide a secure, long-term source of funds to potentially: (i) stabilize agency funding during periods of below normal giving; (ii) fund special grants; (iii) ensure long-term growth; (iv) enhance our ability to meet changing community needs in both the short and long-term; and/or, (v) support the administrative expenses of the BBBSA as deemed appropriate.

<u>Spending Policy and How the Investment Objectives Relate to Spending Policy</u>: BBBSA appropriates a set amount each year for program and administrative purposes. In establishing the individual endowment funds, BBBSA considered the long-term expected return on its endowments. This is consistent with BBBSA's objective to maintain the purchasing power of the endowment assets held in perpetuity or for specified term.

<u>Funds with Deficiencies</u>: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the BBBSA to retain as a fund of perpetual duration. There are no deficiencies of this nature that are reported in net assets with donor restrictions as of June 30, 2023 and 2022, respectively.

Endowment Fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations. In order to make a principal disbursement, the Audit Committee functioning as the Investment Committee would need to make a recommendation for approval to the Board of Directors.

(Continued)

NOTE 14 – LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the balance sheet date for general operations were as follows for June, 30:

	2023	2022
Cash	$ 44,530,672	$ 42,900,751
Investments	3,436,277	3,461,761
Contributions Receivable and Government Grants	5,213,034	7,172,244
Accounts receivable, net	1,030,776	637,528
Endowed investments, current portion	350,000	350,000
Total financial assets available	54,560,759	54,522,284
Less: Pass through to local agencies	6,553,504	7,279,466
Total financial assets available	$ 48,007,255	$ 47,242,818

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenses over a 12-month period, the Organization considers all expenses related to its ongoing mission-related activities as well as the services undertaken to support those activities to be general expenses.

The investment amount listed above represents assets which could be converted to cash on a short-term basis and thus are available to support cash flow needs and operations. The Organization has no immediate plans to liquidate investments beyond what is needed for current operations based on the respective spending policy and the operating budget.

Endowed investments of $1,365,785 and $1,400,314 have been excluded from the schedule above per donor restrictions as of June 30, 2023 and 2022, respectively.

Contributions receivable and government grants in the above schedule exclude non-cash receivables due to in-kind rent receivables recorded on the Statement of Financial Position and promises to give that are due in more than one year.

(Continued)

NOTE 15 – CONTRIBUTED NONFINANCIAL ASSETS

BBBSA receives various forms of gifts-in-kind (GIK) including office space and public service announcements (PSA). GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon third party estimates of fair market or wholesale values that would be received for selling the goods considering their condition and utility for use as determined by the donor. Donated GIK are not sold and goods are only distributed for program use.

Nonfinancial contributions category	Type of Contribtions for Beneficiaries	Valuation	2023	2022
Facilities	Event space, program or office space	3rd party estimates using rental rates in like circumstances	$ 415,527	$ 193,864
Media	Public service announcements	3rd party estimates using media or PSA rates in like circumstances	3,425,000	4,781,276
Total			$ 3,840,527	$ 4,975,140

BIG BROTHERS BIG SISTERS OF AMERICA

SINGLE AUDIT REPORT
June 30, 2023

BIG BROTHERS BIG SISTERS OF AMERICA

SINGLE AUDIT REPORT
June 30, 2023

CONTENTS

Crowe LLP
Independent Member Crowe Global

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 (the "Organization") which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated 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 March 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Tampa, Florida
March 26, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Big Brothers Big Sisters of America's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2023. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2023, and have issued our report thereon dated March 26, 2024, 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 the Uniform Guidance 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Crowe LLP

Crowe LLP

Tampa, Florida
March 26, 2024

BIG BROTHERS BIG SISTERS OF AMERICA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Program Title	Assistance Listing Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Justice				
Direct Award:				
Juvenile Mentoring Program	16.726**	2019-MU-FX-0001	$ 62,384	$ 62,384
Juvenile Mentoring Program	16.726**	2019-JY-FX-0025	30,944	30,944
Juvenile Mentoring Program	16.726**	2020-JU-FX-0030	2,043,981	1,925,505
Juvenile Mentoring Program	16.726**	2020-JY-FX-0003	9,832,301	9,476,225
Juvenile Mentoring Program	16.726**	15PJDP-21-GG-02765-MENT	226,771	211,046
Juvenile Mentoring Program	16.726**	15PJDP-21-GG-02743-MENT	1,045,310	947,988
Juvenile Mentoring Program	16.726**	15JDP-22-GG-01749-MENT	1,453,428	1,319,971
Juvenile Mentoring Program	16.726**	15JDP-22-GG-03742-MENT	232,508	192,720
Total U.S. Department of Justice			14,927,627	14,166,783
Total Federal Expenditures			$ 14,927,627	$ 14,166,783

** denotes major programs

See accompanying notes to the schedule.

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal awards expended by Big Brothers and Big Sisters of America (the Organization) for the year ended June 30, 2023.

For the purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between the Organization and agencies and departments of the federal government. The Organization has classified all awards into major and nonmajor programs in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Major programs include the following:

> Juvenile Mentoring Program – Includes awards to support mentoring programs for youth at risk of educational failure or those who were involved in delinquent activities.

NOTE 2 - BASIS OF ACCOUNTING

Expenditures are recognized on the accrual basis of accounting for national office expenditures and as disbursement of funds are made to subrecipients (in accordance with 2 CFR 200.502) in the accompanying Schedule of Expenditures of Federal Awards.

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

Expenditures for federal awards of the Organization are determined using the cost accounting principles and procedures set forth in the *Uniform Guidance*. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - NONCASH AND FEDERAL INSURANCE

The Organization 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 report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ______ Yes __X__ No

Significant deficiency(ies) identified? ______ Yes __X__ None Reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ______ Yes __X__ No

Significant deficiency(ies) identified? ______ Yes __X__ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ Yes __X__ No

Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
16.726	Juvenile Mentoring Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ Yes ______ No

Section II - Financial Statement Findings

No matters were reported.

Section III – Federal Awards Findings and Questioned Costs

No matters were reported.