

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

FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT.	1-3
 FINANCIAL STATEMENTS	
Statements of Financial Position.	4
Statement of Activities for the Year Ended June 30, 2023.	5
Statement of Activities for the Year Ended June 30, 2022.	6
Statements of Functional Expenses.	7
Statements of Cash Flows.	8
Notes to Financial Statements.	9-21
 SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of State Financial Assistance.	22
Notes to the Schedule of Expenditures of State Financial Assistance.	23
 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 <i>Government Auditing Standards</i>	
	24-25
 Independent Auditor’s Report on Compliance For Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General.	
	26-27
Schedule of Findings and Questioned Costs - State Projects.	28-29



INDEPENDENT AUDITOR'S REPORT

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

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Miami, Inc. (the "Organization") (a non-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related 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 financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 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 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.

Supplementary 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, as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 January 18, 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 Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Vandy De la Cruz". The signature is written in a cursive style with a large initial "V".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
January 18, 2024

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS		2023	2022
CURRENT ASSETS			
Cash and cash equivalents, donor restricted of \$425,266 and \$213,762, respectively (See Note 2)		\$ 7,211,932	\$ 7,588,082
Accounts receivable		314,998	780,918
Due from related party		38,623	70
Contributions receivable, donor restricted of \$273,753 and \$492,934, respectively, net (See Note 4)		541,589	511,351
Prepaid expenses and other assets		320,137	180,896
Investments, donor restricted of \$1,257,875 and \$984,845, respectively (See Notes 5 and 6)		1,257,875	984,845
TOTAL CURRENT ASSETS		9,685,154	10,046,162
CONTRIBUTIONS RECEIVABLE, LONG-TERM, DONOR RESTRICTED OF \$272,192 and \$367,614, respectively (See Note 4)		281,195	367,614
PREPAID SCHOLARSHIPS, donor restricted (See Notes 2 and 7)		9,573,540	8,566,337
RIGHT-OF-USE ASSET (See Note 16)		14,769,269	-
PROPERTY AND EQUIPMENT			
Property and equipment, net of accumulated depreciation of \$344,154 and \$298,938, respectively (See Note 8)		94,210	94,936
TOTAL ASSETS		\$ 34,403,368	\$ 19,075,049
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and other accrued expenses		\$ 635,039	\$ 476,147
Deferred revenues		6,726	62,500
Lease liability, current (See Note 16)		510,559	-
TOTAL CURRENT LIABILITIES		1,152,324	538,647
Lease liability, long-term (See Note 16)		14,742,893	-
TOTAL LIABILITIES		15,895,217	538,647
NET ASSETS (See Note 2)			
Net assets without donor restrictions		6,705,525	7,910,910
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS		6,705,525	7,910,910
Net Assets With Donor Restrictions			
Prepaid Scholarships		9,573,540	8,566,337
George De Silver Memorial Camp fund		65,610	65,610
Carnival Cruise Line and other scholarship fund		244,322	254,259
Lori Brener Scholarship Fund		200,516	177,685
Five Millers Scholarship fund		189,419	226,774
Take Stock-In-Children		212,046	212,046
Time restriction donations		687,791	574,286
Endowments		576,419	518,340
Food and other donations		52,963	30,155
TOTAL NET ASSETS WITH DONOR RESTRICTIONS		11,802,626	10,625,492
TOTAL NET ASSETS		18,508,151	18,536,402
TOTAL LIABILITIES AND NET ASSETS		\$ 34,403,368	\$ 19,075,049

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

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
PUBLIC SUPPORT:			
United Way	\$ 235,800	\$ -	\$ 235,800
Federal, state and local grants	1,673,546	-	1,673,546
Private grants	972,035	246,185	1,218,220
Associated organizations	168,500	-	168,500
Annual/major giving	708,779	298,342	1,007,121
Rental income	118,062	-	118,062
Special events, net of direct costs of \$870,038	1,025,310	4,821	1,030,131
Scholarship adjustment	-	226,464	226,464
Cause related marketing	17,092	-	17,092
In-kind contributions (See Note 9)	4,675	1,429,595	1,434,270
TOTAL PUBLIC SUPPORT	4,923,799	2,205,407	7,129,206
Net assets released from restrictions	1,092,159	(1,092,159)	-
INVESTMENT INCOME, net of fees	189,202	58,886	248,088
OTHER REVENUE	2,946	5,000	7,946
TOTAL PUBLIC SUPPORT AND REVENUE	6,208,106	1,177,134	7,385,240
EXPENSES			
Program services	6,554,599	-	6,554,599
Supporting services	368,466	-	368,466
Fundraising	490,426	-	490,426
TOTAL EXPENSES	7,413,491	-	7,413,491
TOTAL CHANGE IN NET ASSETS	(1,205,385)	1,177,134	(28,251)
Net assets, beginning of year	7,910,910	10,625,492	18,536,402
Net assets, end of year	\$ 6,705,525	\$ 11,802,626	\$ 18,508,151

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

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
PUBLIC SUPPORT:			
United Way	\$ 254,568	\$ -	\$ 254,568
Federal, state and local grants	2,069,332	-	2,069,332
Private grants	1,018,411	10,000	1,028,411
Associated organizations	231,500	-	231,500
Annual/major giving	6,565,550	247,333	6,812,883
Rental income	116,481	-	116,481
Special events, net of direct costs of \$546,171	1,187,305	51,867	1,239,172
Scholarship adjustment	-	128,193	128,193
Cause related marketing	5,857	-	5,857
In-kind contributions (See Note 9)	65,557	-	65,557
TOTAL PUBLIC SUPPORT	<u>11,514,561</u>	<u>437,393</u>	<u>11,951,954</u>
Net assets released from restrictions	899,631	(899,631)	-
INVESTMENT INCOME (LOSS), net of fees	4,657	(139,530)	(134,873)
OTHER REVENUE	3,762	-	3,762
TOTAL PUBLIC SUPPORT AND REVENUE	<u>12,422,611</u>	<u>(601,768)</u>	<u>11,820,843</u>
EXPENSES			
Program services	4,899,770	-	4,899,770
Supporting services	501,366	-	501,366
Fundraising	439,335	-	439,335
TOTAL EXPENSES	<u>5,840,471</u>	<u>-</u>	<u>5,840,471</u>
TOTAL CHANGE IN NET ASSETS	6,582,140	(601,768)	5,980,372
Net assets, beginning of year	1,328,770	11,227,260	12,556,030
Net assets, end of year	<u>\$ 7,910,910</u>	<u>\$ 10,625,492</u>	<u>\$ 18,536,402</u>

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

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Program Services	Supporting Services	Fundraising	Total Expenses	Program Services	Supporting Services	Fundraising	Total Expenses
Employee Costs:								
Salaries	\$ 2,551,410	\$ 164,883	\$ 181,873	\$ 2,898,166	\$ 2,066,037	\$ 250,588	\$ 282,303	\$ 2,598,928
Payroll taxes	186,602	12,059	13,301	211,962	148,097	17,967	20,241	186,305
Employee benefits	386,328	24,964	27,537	438,829	266,478	32,262	35,587	334,327
Retirement plan contributions	15,948	1,031	1,137	18,116	11,348	1,376	1,551	14,275
Total Employee Costs	3,140,288	202,937	223,848	3,567,073	2,491,960	302,193	339,682	3,133,835
Operating and Other:								
Amortization expense-finance leases (See Note 16)	536,786	18,668	18,955	574,409	-	-	-	-
Bad debt	90,000	-	31,500	121,500	-	-	-	-
Board retreat	-	34,440	-	34,440	-	13,483	-	13,483
Conferences and meetings	86,318	5,578	6,153	98,049	23,295	1,853	1,324	26,472
Depreciation	39,807	2,572	2,837	45,216	46,378	-	-	46,378
Dues to national and local Organizations	89,303	-	-	89,303	78,165	-	-	78,165
Equipment rental and maintenance	50,840	3,076	3,393	57,309	48,665	3,827	2,733	55,225
Insurance	108,695	7,024	7,748	123,467	102,866	8,183	5,845	116,894
Interest expense-finance leases (See Note 16)	373,426	12,987	13,187	399,600	-	-	-	-
In-kind contributions	-	-	-	-	60,557	-	-	60,557
Marketing/recruitment	40,375	2,609	2,878	45,862	14,150	1,126	804	16,080
Other	7,594	14,051	32,490	54,135	7,771	61,258	766	69,795
Occupancy	402,019	30,986	31,500	464,505	821,726	30,259	28,334	880,319
Office expenses and supplies	15,803	1,021	1,126	17,950	15,052	1,197	855	17,104
Partners subcontractors	24,783	-	-	24,783	25,475	-	-	25,475
Postage	1,709	110	122	1,941	1,630	130	93	1,853
Printing and publication	4,308	278	376	4,962	4,308	343	245	4,896
Program services	270,627	-	-	270,627	169,270	-	-	169,270
Scholarships awarded	794,270	-	-	794,270	711,453	-	-	711,453
Professional services	310,255	29,154	111,032	450,441	161,179	74,172	56,267	291,618
Telephone	46,033	2,975	3,281	52,289	42,010	3,342	2,387	47,739
Transportation	87,673	-	-	87,673	34,356	-	-	34,356
Volunteer processing expense	33,687	-	-	33,687	39,504	-	-	39,504
Total Operating and Other	3,414,311	165,529	266,578	3,846,418	2,407,810	199,173	99,653	2,706,636
TOTAL EXPENSES	\$ 6,554,599	\$ 368,466	\$ 490,426	\$ 7,413,491	\$ 4,899,770	\$ 501,366	\$ 439,335	\$ 5,840,471

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

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,251)	\$ 5,980,372
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	45,216	46,378
Amortization of finance leases	574,409	-
Interest expense on finance leases	399,600	-
Investment (income) loss, net, on investments	(228,365)	134,873
Increase (decrease) in bad debt	121,500	(42)
Net change in prepaid scholarships	(1,526,071)	(128,193)
Decrease in present value discount	(14,307)	(15,582)
PPP loan forgiveness	-	(485,560)
(Increase) decrease in operating assets:		
Accounts receivable	465,920	(195,616)
Due from related party	(38,553)	2,030
Contributions receivable	(51,012)	96,141
Prepaid expenses	(139,241)	31,717
Investments	-	-
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued expenses	158,892	31,716
Deferred revenues	(55,774)	(337,548)
TOTAL ADJUSTMENTS	<u>(287,786)</u>	<u>(819,686)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(316,037)</u>	<u>5,160,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(44,490)	(5,000)
Purchases of prepaid scholarships	(226,464)	(24,625)
Payouts of prepaid scholarships	745,332	611,859
Proceeds (purchases) of investments	(44,665)	133,673
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>429,713</u>	<u>715,907</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of finance leases	(489,826)	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(489,826)</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(376,150)	5,876,593
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,588,082</u>	<u>1,711,489</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,211,932</u>	<u>\$ 7,588,082</u>

Non-cash activities:

Due to the implementation of FASB ASU 2016-02, Leases (Topic 842), a right-of-use asset and lease liability were recognized during the 2023 fiscal year, resulting in the following non-cash adjustments.

Initial right-of-use asset	<u>\$ 15,343,678</u>
Initial lease liability	<u>\$ 15,343,678</u>

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

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION

Big Brothers Big Sisters of Miami, Inc. (the “Organization”) is a non-profit organization and a member of the national federation Big Brothers Big Sisters of America. The Organization recognizes that all youth have the ability to do BIG things. That is why the Organization works toward the mission of creating and supporting one-to-one mentoring relationships that ignite the power and promise of youth.

Since 1958, the Organization has been South Florida’s premier mentoring organization, defending the potential of future leaders in the community by matching at-risk Youths (Littles) with committed adult mentors (Bigs). These relationships – strategically matched based on Littles’ needs and Bigs’ backgrounds and skills, as well as common interests, aspirations, and personalities – empower Littles to achieve their full potential and become productive members of the community.

Building upon the core one-to-one community-based mentoring model in which Bigs and Littles explore the local community together, the Organization has developed innovative programs to meet the community’s needs; these include Bigs in Schools, in which Bigs visit their Littles at school or at a partner after-school program site once a week; School to Work, in which Littles visit their Bigs at work once a month; a Graduate Program, in which Bigs and Littles continue their mentoring relationship after the Little graduates high school; Bigs in Blue, in which local police officers serve as Bigs; and a set of Continuing Education programs that prepare Littles for post-secondary success, both while in high school and upon graduation.

Continuing Education programming includes Take Stock in Children of Florida, Inc. (“TSIC”). As the lead partner for the Miami office of TSIC, the Organization offers youths who are enrolled in TSIC a full scholarship through the Florida Pre-Paid Program upon high school graduation. Additionally, these youths receive targeted college success coaching to ensure they are progressing academically and receiving any necessary interventions to get and stay on track to graduate high school on time. Finally, these youths receive personal mentors who work with them and their College Success Coach to provide the social and emotional support necessary to succeed in high school and beyond. With the end goal of all students engaging in post-secondary education – and the long-term goal of all students graduating with a degree from an institute of higher education – the program also provides college and career readiness workshops, which are now open to all youths served by the Organization, whether or not they are served through TSIC. Covering topics such as completing the FAFSA, writing a college essay and general life skills, these workshops enhance the mentoring programs provided by the Organization, helping youths served answer the question. “What’s Next?” Youths enrolled in TSIC are also offered the opportunity to enroll in the core Big Brothers Big Sisters mentoring program, so they are eligible for the Graduate Program upon high school graduation, enabling them to maintain their relationship with their Bigs throughout their transition to adulthood.

Finally, the Organization also has Group Engagement & Mentoring (“GEM”) at its headquarters, the Carnival Center for Excellence. GEM provides after-school and weekend programming that focuses on one or more of five key areas, known as the BIG5 – Academic Enrichment, Career Pathways, Digital Literacy, Health & Wellness and Music & the Arts.

With a vision that all children achieve their full potential, the Organization ignites the potential within each and every child and advocates for them to explore the endless possibilities of what they can accomplish. Whether through one-to-one mentoring, GEM, or TSIC, youths benefit from a positive role model who advocates for them and helps them reach their full potential – their BIG potential.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). Presented below is a summary of significant accounting principles followed in the preparation of the accompanying financial statements.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions on the use of the net assets. The two net asset categories are as follows:

Net Assets Without Donor Restrictions

The portion of the net assets of the Organization that can be used subject to the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the normal course of business. The Organization has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

The portions of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization’s choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donors’ instructions. Net assets with donor restrictions generally result from donor-restricted contributions. As of June 30, 2023 and 2022, net assets with donor restrictions totaled \$11,802,626 and \$10,625,492, respectively.

Net assets with donor restrictions consisted of the following:

Prepaid Scholarships – The Organization participates in the Florida Prepaid Scholarship Foundation – Stanley Tate Project “Scholarship Tuition for At-Risk Students” (STARS) Scholarship Project whereby the Organization purchases scholarship plans that are restricted for the use of its participants in the Take Stock in Children program.

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

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

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lori Brenner Scholarship Fund – These funds represent resources restricted by the donors to the Organization’s Lori Brenner Scholarship Fund. The fund’s specific purpose is to grant college scholarships to eligible youths (graduating “Littles”) in the Big Brothers Big Sisters program.

Time Restriction Donations and Endowments – Net assets with time restrictions represents donations pledged by various donors that will be realized in future accounting periods. Endowment funds represent contributions pledged and funds received whereby the income generated by the endowment can be used only for the purchase of scholarships and to offset operating costs.

Cash and Cash Equivalents

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

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in net investment income in the Statements of Activities.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash, cash equivalents and investment securities. The Organization places its cash and cash equivalents with creditworthy, high-quality financial institutions. At times cash balances may temporarily exceed the Federal Deposit Insurance Coverage Insurance limit of \$250,000. The Organization has not experienced any losses in such accounts.

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

The Organization’s Executive Committee actively monitors the activity of the financial instruments and establishes policies for the safeguarding of their assets against credit and market risks.

Donor Restricted and Without Donor Restrictions Revenue

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes a contribution receivable. Contributions expected to be collected within one year are recorded as support and a receivable at net realizable value. Contributions expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution income in the statement of activities. For contributions received during the years ended June 30, 2023 and 2022, the discount rate used was 5.0%. Conditional promises to give are not included as support until the conditions are substantially met.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (In-Kind)

Donated services are recognized if the services received either create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and services are recognized at their fair value. Contributed program materials, scholarships and gift certificate revenues, valued at \$1,434,270 and \$65,557, and related expense of \$2,000 and \$60,557 are reflected in the accompanying statements of activities for the years ended June 30, 2023 and 2022, respectively. The remaining contributions of \$1,432,270 and \$5,000 for the years ended June 30 2023 and 2022 are reflected as prepaid scholarships, program expenses and fixed assets, respectively, in the accompanying statements of financial position.

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

Public Support and Revenue

The Organization's principal source of revenue is derived from state, local and United Way grants, contributions from the community, and other fundraising activities. Based on the Organization's experience with the grantors, management has determined that the related grants and program fees receivable are fully collectible. An allowance for doubtful accounts has been established at \$229,958 for the years ended June 30, 2023, and 2022, respectively.

Prepaid Scholarships

The Organization participates in the Florida Prepaid College Foundation – Stanley Tate Project "Scholarship Tuition for At-Risk Students" (STARS) Scholarship Project whereby the Organization purchases scholarship plans and pays 50% of the scholarship plan contract price. The Florida Prepaid College Foundation provides a matching amount of 50% of the remaining contract price for scholarships purchased with private funds. Scholarships purchased by public entities for the benefit of the Organization's program are not eligible for the 50% match.

As of June 30, 2023, the Organization owns prepaid scholarship worth \$11,248,805 which is reported on the statement of financial position at a cost of \$9,573,540. The scholarship plans are assigned by the Organization to eligible students, defined as designated beneficiaries, who meet the standards specified in the Organization's scholarship program. These scholarships are assets of the Organization until such time that designated beneficiaries have exhausted tuition credit hours. The Organization accounts for tuition credit hours and recognizes the tuition expense based on credit hours used by the designated beneficiaries. The amounts recognized by the Organization as assets and expense are based on its 50% share of the scholarship plan contract price purchased with private funds and 100% of the contract price for scholarship plans purchased with public funds. In the event of cancellation or termination of scholarship plans, the Organization is entitled to a refund from the Florida Prepaid College Foundation based on the Organization's share of the value of the unused tuition credit hours.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Donated property is recorded at donor indicated fair market value, at the date of the gift, as net assets without donor restrictions unless the donor restricts its use. Proceeds from the sale of these assets are accounted for as net assets without donor restrictions unless it is restricted by the donor. Maintenance and repairs, which do not extend the lives of the respective assets, are expensed in the year incurred.

Acquisitions of fixed assets, which cost at least \$3,500, and with a useful life of at least three years are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 10 years for vehicles, furniture and equipment. Leasehold improvements are amortized based on the projected useful life of the improvement.

Use of Estimates

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

Income Taxes

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

There are no reserves held for uncertain tax positions at June 30, 2023 and 2022, respectively. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2020.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to the program or supporting function of the Organization, including fundraising, administrative costs, depreciation, interest, and insurance. Allocation of such expenses is based upon the Organization's personnel time and effort. Such estimates are determined by management.

Leases

See "Adopted Accounting Pronouncement" section for information pertaining to the adoption of Accounting Standards Update ("ASU") 2016-02, *Leases* ("Topic 842").

In the ordinary course of business, the Organization has entered into agreements for the lease of equipment. The Organization reviews all agreements to determine if a leasing arrangement exists. When a leasing arrangement is identified, a determination is made at inception as to whether the lease is an operating or a finance lease.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining whether a lease exists, the Organization considers whether a contract provides both the right to obtain substantially all of the economic benefits from the use of an asset and the right to direct the use of the asset. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of the minimum future lease payments over the expected term of the lease.

Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized on the statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised, or unless it is reasonably certain that the asset will be leased for greater than twelve months. Lease payments for short-term leases are recognized on a straight-line basis over the lease term. Lease determinations are reassessed in the event of a change in lease terms.

As of June 30, 2023, the Organization's leases have remaining lease terms ranging through 2050. The Organization elected the practical expedient, which has been applied consistently to all of its leases, to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the Organization's right-of-use assets.

In addition, lease agreements may include periodic adjustments to payment amounts for inflation or other variables, or may require payments for taxes, insurance, maintenance, or other expenses, which are generally referred to as non-lease components. The Organization elected the practical expedient to account for non-lease components together with the related lease components for all classes of leased assets. The Organization's lease agreements do not contain significant residual value guarantees or material restrictive covenants.

Lease term, discount rate, variable lease costs and future minimum lease payment determinations require the use of judgment and are based on the facts and circumstances of each lease. Most of the Organization's lease agreements, do not explicitly state the discount rates implicit in the lease. As a practical expedient permitted in ASC 842-20-30-3, the Organization elected the use of a risk-free discount rate for the lease instead of its incremental borrowing rate. The risk-free rate has been selected in accordance with Topic 842.

Beginning on July 1, 2022, finance lease right-of-use assets and liabilities are recognized on the statement of financial position, with the related amortization and interest expense recorded within books, supplies and technology and interest and finance fees, respectively, in the accompanying statement of functional expenses.

Adopted Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* ("Topic 842"), which, together with its related clarifying ASUs (collectively, "ASU 2016-02"), provided revised guidance for lease accounting and related disclosure requirements, including a requirement for lessees to recognize right-of-use assets and lease liabilities on the statement of financial position for leases with durations greater than twelve months. Under ASU 2016-02, leases are classified by lessees as either finance or operating leases. Lease expense is recognized based on an effective interest method for finance leases, and on a straight-line basis over the term of the lease for operating leases.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adopted Accounting Pronouncement (Continued)

The Organization adopted ASU 2016-02 using the modified retrospective method on January 1, 2022. The most significant effect of the new guidance is the recognition of operating lease right-of-use assets and a liability for operating leases. The Organization elected to utilize the package of practical expedients that allowed entities to: (1) not reassess whether any expired or existing contracts were or contained leases; (2) retain the existing classification of lease contracts as of the date of adoption; (3) not reassess initial direct costs for any existing leases; (4) not separate non-lease components for all classes of leased assets; (5) use hindsight in determining the lease term and in assessing impairment of the Organization's right-of-use assets; and (6) use a risk-free discount rate for all the leases instead of its incremental borrowing rate.

The Organization recognized approximately \$15,344,000 of lease assets and liabilities for finance leases upon adoption of ASU 2016-02. The adoption of Topic 842 has had the effect of increasing expenses in fiscal year ending June 30, 2023 by approximately \$480,000, thereby by reducing the total change in net assets as of June 30, 2023 by \$480,000.

Subsequent Events

The Organization has evaluated subsequent events through January 18, 2024, the date which the financial statements were available to be issued and no additional disclosures were required.

NOTE 3 – RECLASSIFICATIONS

Certain balances reported in the financial statements for the twelve month period ended June 30, 2022, have been reclassified to conform to the presentation for the year ended June 30, 2023.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

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

	2023	2022
Amounts due in:		
One year or less	\$ 771,547	\$ 741,309
Over one year to five years	330,524	409,500
Over five years	-	21,750
Less: discount to present value of 5.00%	(49,329)	(63,636)
Less: allowance for doubtful accounts	(229,958)	(229,958)
Contributions receivable, net	<u>\$ 822,784</u>	<u>\$ 878,965</u>

NOTE 5 – INVESTMENTS

Investments consisted of the following at June 30:

	2023 Market Value	2022 Market Value
General & other investment funds		
Mutual funds	\$ 637,085	\$ 869,022
Fixed income	452,557	76,740
Equities	168,233	39,083
TOTAL INVESTMENTS	<u>\$ 1,257,875</u>	<u>\$ 984,845</u>

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 – INVESTMENTS (Continued)

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

	2023	2022
Interest and dividends, net of fees	\$ 133,963	\$ 7,909
Unrealized gains (losses)	114,125	(142,782)
Investment income (loss), net	<u>\$ 248,088</u>	<u>\$ (134,873)</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

FASB ASC 820; “Fair Value Measurement” establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

- The money market portfolio is valued at cost, which approximates fair value.
- The equity portfolio consists of investments in securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity securities are valued at the closing price reported in the active market in which the individual securities are traded.
- The fixed income portfolio consists of investments that provide returns in the form of fixed periodic payments and the eventual return of principal at maturity. Fixed income is valued based on quoted markets prices in active markets and approximate fair value.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

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

The following tables represents the Organization’s financial instruments measured at fair value on a recurring basis at June 30, 2023 and 2022, respectively, for each of the fair value hierarchy levels:

Description	Fair Market Value at 6/30/2023	Fair Value Measurement at June 30, 2023		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Mutual funds	\$ 637,085	\$ 637,085	\$ -	\$ -
Fixed income	452,557	452,557	-	-
Equities	168,233	168,233	-	-
	<u>\$ 1,257,875</u>	<u>\$ 1,257,875</u>	<u>\$ -</u>	<u>\$ -</u>

Description	Fair Market Value at 6/30/2022	Fair Value Measurement at 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)
Assets:				
Mutual Funds	\$ 869,022	\$ 869,022	\$ -	\$ -
Fixed income	76,740	76,740	-	-
Equities	39,083	39,083	-	-
	<u>\$ 984,845</u>	<u>\$ 984,845</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 – PREPAID SCHOLARSHIPS

Prepaid scholarships as of June 30, 2023 and 2022 consist of:

Balance at June 30, 2021:	\$ 9,025,378
Scholarship purchases	128,193
Scholarship payouts	(582,532)
Other changes	<u>(4,702)</u>
Balance at June 30, 2022:	8,566,337
Scholarship purchases	1,526,071
Scholarship payouts	(745,332)
Other changes	<u>226,464</u>
Balance at June 30, 2023:	<u>\$ 9,573,540</u>

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of the following at June 30:

	2023	2022
Furniture and equipment	\$ 359,747	\$ 353,757
Capital improvements	13,741	13,741
Leasehold improvements	64,876	26,376
	<u>438,364</u>	<u>393,874</u>
Less: accumulated depreciation	(344,154)	(298,938)
	<u>\$ 94,210</u>	<u>\$ 94,936</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$45,216 and \$46,378, respectively.

NOTE 9 – IN-KIND CONTRIBUTIONS

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

Florida Prepaid Scholarships	\$ 1,429,595	\$ 38,049
Other	4,675	27,508
	<u>\$ 1,434,270</u>	<u>\$ 65,557</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2023	2022
Net assets with donor restrictions:		
Prepaid Scholarships	\$ 9,573,540	\$ 8,566,337
George De Silver Memorial Camp fund	65,610	65,610
Carnival Cruise Line and other scholarship fund	244,322	254,259
Lori Brener Scholarship Fund	200,516	177,685
Five Millers Scholarship fund	189,419	226,774
Take Stock-In-Children	212,046	212,046
Time restriction donations	687,791	574,286
Endowments	576,419	518,340
Food and other donations	52,963	30,155
	<u>\$ 11,802,626</u>	<u>\$ 10,625,492</u>

These funds are held in:

Cash and cash equivalents, contributions receivable, investments and prepaid scholarships	<u>\$ 11,802,626</u>	<u>\$ 10,625,492</u>
--	----------------------	----------------------

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 11 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and the expiration of the time restriction. The following table shows net assets released from restrictions for the years ended June 30, 2023 and 2022, respectively:

	2023	2022
Purpose/time restrictions accomplished:		
Prepaid scholarships	\$ 648,857	\$ 587,235
Carnival Cruise Line and other scholarship funds	188,818	48,368
Five Miller Foundation Scholarship fund	37,355	58,879
Lori Brener Scholarship Fund	8,500	36,336
Time and other purpose restrictions met	208,629	168,813
Total net assets released from restrictions	<u>\$ 1,092,159</u>	<u>\$ 899,631</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Managed Service Agreement

The Organization entered into a managed service agreement for IT service and management for a term of three years with a monthly cost of approximately \$6,500 with an annual increase of 3%. Total future minimum payments under the managed service agreement as of June 30, 2023 and 2022 are \$78,129 and \$74,033.

Retirement Plan

The Organization has a defined contribution plan covering its full time employees. Plan contributions were \$18,116 and \$14,275 for the years ended June 30, 2023 and 2022, respectively.

Line of Credit

In July 2020, the Organization obtained a new unsecured line of credit totaling \$250,000 from Bank OZK available for working capital purposes that bears interest at prime with an interest rate floor of 5.00% and matured on July 10, 2022. There was no balance outstanding as of June 30, 2023 and 2022. The unsecured line of credit was closed on July 10, 2022.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 – RENTAL INCOME

The Organization entered into rental agreements with multiple organizations for rental space. The agreements expire on various dates through July 2024. As of June 30, 2023, the Organization recorded revenue in the amount of approximately \$118,000 and \$116,000, respectively, which is included on the statement of activities under the caption rental income. As of June 30, 2023, approximate future minimum rental payments to be received are approximately \$12,848 and \$773 in fiscal years ended June 30, 2024 and 2025, respectively.

NOTE 14 – RELATED PARTIES

Big Brothers Big Sisters of Miami Foundation, Inc. (the “Foundation”) is a related party to the Organization. During the years ended June 30, 2023 and 2022, the Organization received \$48,500 and \$111,500, respectively in contributions from the Foundation, which have been included in the Statements of Activities.

Big Brothers Big Sisters of Miami Institute, Inc. (the “Institute”) is a related party to the Organization. During the years ended June 30, 2023 and 2022, the Organization received \$120,000 each year, respectively in contributions from the Institute, which has been included in the Statements of Activities.

During the year ended June 30, 2023, the Organization retained services from certain companies affiliated with board members of the Organization. The services provided amounted to approximately \$193,000 and were in the ordinary course of business for human resource consulting and marketing services.

NOTE 15 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of June 30, 2023, reduced by amounts not available for general use within one year as of June 30, 2023 because of the contractual or donor-imposed restrictions or internal designations:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 7,211,932	\$ 7,588,082
Accounts receivable	314,998	780,918
Due from related party	38,623	70
Contributions receivable	822,784	878,965
Investments	1,257,875	984,845
Total financial assets	<u>\$ 9,646,212</u>	<u>\$ 10,232,880</u>
Less amounts not available to be used within one year:		
Cash and cash equivalents: donor restricted	\$ 425,266	\$ 213,762
Contributions receivable, donor restricted	273,753	492,934
Investments: donor restricted	1,257,875	984,845
Contributions receivable, long-term, net	281,195	367,614
	<u>2,238,089</u>	<u>2,059,155</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 7,408,123</u></u>	<u><u>\$ 8,173,725</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 16 – LEASES

The Organization leases equipment and office space under the provision of long-term financing leases. The leases mature at various dates through 2050 and are included in the accompanying financial statements as right-of-use asset.

Components of lease cost during the year ended June 30, 2023 were as follows:

Amortization of ROU assets	\$ 574,409
Interest on lease liabilities	399,600
Total	<u>\$ 974,009</u>

Right-of-use assets consist of the following at June 30, 2023:

ROU Asset	\$ 15,343,678
Accumulated reduction/amortization	(574,409)
Total	<u>\$ 14,769,269</u>

Future maturities of lease liabilities are presented as follows:

Year Ending June 30,	
2024	\$ 510,559
2025	500,469
2026	518,085
2027	538,809
2028	560,361
Thereafter	19,958,885
Total undiscounted cash flows	22,587,168
Less: present value discount	(7,333,716)
Total lease liabilities	<u>\$ 15,253,452</u>

SUPPLEMENTARY INFORMATION

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

<i>State Grantor Program Title Pass-through Grantor/</i>	<i>State CSFA Number</i>	<i>Contract Number</i>	<i>Expenditure</i>
Florida Department of Economic Opportunity			
Workforce Development Projects			
Passed through Big Brothers Big Sisters Association of Florida, Inc.	40.037	WL-058	\$ 86,250
Florida Department of Legal Affairs and Attorney General			
Department of Legal Affairs Office of the Attorney General			
Big Brothers Big Sisters - Bigs in Blue Mentoring Project	41.035	K-05347	200,852
Florida Department of Education and Comissioner of Education			
Mentoring/Student Assistance Initiatives			
Passed through Big Brothers Big Sisters Association of Florida, Inc.	48.068	168-96448-3Q001	466,320
Passed through Take Stock-In-Children, Inc.	48.068	2022-2023	194,876
Florida Department of Highway Safety and Motor Vehicles			
Big Brothers Big Sisters			
Passed through Big Brothers Big Sisters Association of Florida, Inc.	76.141	N/A	3,983
Florida Department of Juvenile Justice			
Delinquency Prevention			
Passed through the Florida Department of Juvenile Justice	80.029	10525	133,875
Total Expenditures of State Projects			<u><u>\$ 1,086,156</u></u>

See the accompanying notes to the schedule of expenditures of state financial assistance.

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The Schedule of Expenditures of State Financial Assistance (the “Schedule”) represents all of the State awards to the Organization during the year ended June 30, 2023.

The information in the Schedule is presented in accordance with the requirements of the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*. Because the Schedule presents only a selected portion of the operation of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



Verdeja • De Armas • Trujillo • Alvarez

Certified Public Accountants & Advisors



Manny Alvarez, C.F.F., C.P.A.
Monique Bustamante, C.P.A.
Pedro M. De Armas, C.P.A.
Alejandro M. Trujillo, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.F.F., C.P.A.

Octavio F. Verdeja, Founder - 1971

**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Big Brothers Big Sisters of Miami, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of and for the years ended June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2024.

Internal Control Over Financial Reporting

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

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

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

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

Compliance and Other Matters

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

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
January 18, 2024



Verdeja • De Armas • Trujillo • Alvarez

Certified Public Accountants & Advisors



Manny Alvarez, C.F.F., C.P.A.
Monique Bustamante, C.P.A.
Pedro M. De Armas, C.P.A.
Alejandro M. Trujillo, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.F.F., C.P.A.

Octavio F. Verdeja, Founder - 1971

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

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

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

Report on Compliance for Each Major State Project

We have audited Big Brothers Big Sisters of Miami, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2023. The Organization'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 federal and state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, the Organization 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, 2023.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
January 18, 2024

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

State Projects

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

Internal control over major state projects:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 "Rules of the Auditor General?" ☐ yes ☒ no

Identification of major state projects:

Name of State Project	CSFA Number	Expenditures
Mentoring/Student Assistance Initiatives	48.068	\$661,196
Dollar threshold used to distinguish between type A and type B projects	\$300,000	
Auditee qualified as low-risk auditee?	N/A	

BIG BROTHERS BIG SISTERS OF MIAMI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

SECTION III – FINDINGS AND QUESTIONED COSTS - STATE FINANCIAL ASSISTANCE PROJECTS

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended June 30, 2023.
2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to state projects.
3. A Corrective Action Plan is not required because there were no findings required to be reported under the *Department of Financial Services*' State Project Compliance Supplement.