

**Big Brothers Big Sisters
of the Sun Coast, Inc.**

Financial Statements,
Supplemental Information,
Contract Compliance and
Independent Auditor's Report
June 30, 2024

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Independent Auditor's Report

The Board of Directors
Big Brothers Big Sisters of the Sun Coast, Inc.
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Big Brothers Big Sisters of the Sun Coast, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinion.

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 Responsibility 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 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 financial statements.

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

- Exercise professional judgement 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 judgement, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 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.

Kukuing Barbanio & Co.

Sarasota, Florida
October 31, 2024

Big Brothers Big Sisters of the Sun Coast, Inc.

Statement of Financial Position

June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,057,936	\$ -	\$ 1,057,936
Grants receivable	326,447	-	326,447
Prepaid expenses and other current assets	14,130	-	14,130
Total current assets	<u>1,398,513</u>	<u>-</u>	<u>1,398,513</u>
Other Assets			
Property and equipment, net	4,480,049	-	4,480,049
Right-of-use lease asset	188,560	-	188,560
Rent deposit	13,450	-	13,450
Investments in real estate	5,399	-	5,399
Other receivables	16,643	-	16,643
Beneficial interest in the Big Brothers Big Sisters Foundation of the Sun Coast, Inc.	4,488,315	130,000	4,618,315
Total other assets	<u>9,192,416</u>	<u>130,000</u>	<u>9,322,416</u>
Total Assets	\$ <u>10,590,929</u>	\$ <u>130,000</u>	\$ <u>10,720,929</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 43,646	\$ -	\$ 43,646
Line of credit	1	-	1
Accrued expenses	149,012	-	149,012
Lessee deposits	16,750	-	16,750
Short-term lease liability	77,264	-	77,264
Current portion of notes payable	77,729	-	77,729
Total current liabilities	<u>364,402</u>	<u>-</u>	<u>364,402</u>
Other Liabilities			
Long-term lease liability	115,769	-	115,769
Notes payable, long-term	2,597,866	-	2,597,866
	<u>2,713,635</u>	<u>-</u>	<u>2,713,635</u>
Total Liabilities	<u>3,078,037</u>	<u>-</u>	<u>3,078,037</u>
Net Assets			
Without donor restrictions	7,512,892	-	7,512,892
With donor restrictions	-	130,000	130,000
Total net assets	<u>7,512,892</u>	<u>130,000</u>	<u>7,642,892</u>
Total Liabilities and Net Assets	\$ <u>10,590,929</u>	\$ <u>130,000</u>	\$ <u>10,720,929</u>

See accompanying notes to financial statements.

Big Brothers Big Sisters of the Sun Coast, Inc.

Statement of Activities
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
County	\$ 353,885	\$ -	\$ 353,885
State	1,393,941	-	1,393,941
Federal	233,098	-	233,098
United Way	205,946	-	205,946
Annual campaign	520,726	-	520,726
Foundations and trusts	590,317	-	590,317
Special events	796,642	-	796,642
Rental income	167,282	-	167,282
Interest income	5,527	-	5,527
Other income	6,123	-	6,123
Change in net assets of Big Brothers Big Sisters Foundation of the Sun Coast, Inc.	<u>277,349</u>	<u>895,988</u>	<u>1,173,337</u>
Subtotal support and revenue	4,550,836	895,988	5,446,824
Net assets released from restrictions	<u>1,096,488</u>	<u>(1,096,488)</u>	<u>-</u>
Total Support and Revenue	<u>5,647,324</u>	<u>(200,500)</u>	<u>5,446,824</u>
Expenses:			
Program services	4,213,166	-	4,213,166
Management and general	285,808	-	285,808
Fundraising	<u>246,061</u>	<u>-</u>	<u>246,061</u>
Total expenses	<u>4,745,035</u>	<u>-</u>	<u>4,745,035</u>
Change in net assets	902,289	(200,500)	701,789
Net assets at beginning of year	<u>6,610,603</u>	<u>330,500</u>	<u>6,941,103</u>
Net assets at end of year	\$ <u><u>7,512,892</u></u>	\$ <u><u>130,000</u></u>	\$ <u><u>7,642,892</u></u>

See accompanying notes to financial statements.

Big Brothers Big Sisters of the Sun Coast, Inc.

Statement of Cash Flows For the Year Ended June 30, 2024

Cash Flows from Operating Activities:

Change in net assets	\$ 701,789
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	25,547
Non-cash lease expense	10,249
Change in beneficial interest in BBBS Foundation	(1,173,337)
Change in operating assets and liabilities:	
Prepaid expenses	(22,580)
Grants receivable	(7,651)
Accounts payable	(8,474)
Accrued expenses	23,180
Rent deposit	7,750
Net cash used in operating activities	<u>(443,527)</u>

Cash Flows from Investing Activities:

Net transfers to the BBBS Foundation	(1,897,878)
Proceeds from sale of investments	2,849,402
Purchases of property and equipment	<u>(2,254,544)</u>
Net cash used in investing activities	<u>(1,303,020)</u>

Cash Flows From Financing Activities:

Principal payments on note payable	(64,109)
Proceeds from notes payable	<u>943,600</u>
Net cash provided by financing activities	<u>879,491</u>

Net change in cash and equivalents	(867,056)
Cash and equivalents, beginning of year	<u>1,924,992</u>
Cash and equivalents, end of year	<u>\$ 1,057,936</u>

Supplemental Disclosure of Non-Cash Activity:

Cash paid during the year for interest	<u>\$ 88,269</u>
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See accompanying notes to financial statements.

Big Brothers Big Sisters of the Sun Coast, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2024

	Program Services	Management and General	Fund Raising	Total
Payroll and Related:				
Salaries, wages & payroll taxes	\$ 3,000,042	\$ 126,318	\$ 31,579	\$ 3,157,939
403(b) plan contribution	35,993	1,516	379	37,888
Group health insurance	165,668	6,975	1,744	174,387
Total payroll and related	<u>3,201,703</u>	<u>134,809</u>	<u>33,702</u>	<u>3,370,214</u>
Program and Administrative:				
Depreciation	24,270	1,277	-	25,547
Dues, national and other	84,542	21,135	-	105,677
Insurance	74,773	755	-	75,528
Interest	84,738	3,531	-	88,269
Marketing and promotion	58,487	-	-	58,487
Miscellaneous	7,386	3,165	-	10,551
Occupancy	285,666	11,903	-	297,569
Office supplies	9,660	403	-	10,063
Postage	5,454	-	-	5,454
Printing and copying	39,514	1,646	-	41,160
Professional fees	-	99,088	-	99,088
Program activities	88,999	-	-	88,999
Screening and evaluations	32,012	-	-	32,012
Special events	-	-	212,359	212,359
Staff development	37,443	1,971	-	39,414
Technology expenses	50,327	-	-	50,327
Telephone	48,770	5,419	-	54,189
Training BBBSAF fees	44,841	-	-	44,841
Travel	34,581	706	-	35,287
	<u>1,011,463</u>	<u>150,999</u>	<u>212,359</u>	<u>1,374,821</u>
Total Expenses	\$ <u>4,213,166</u>	\$ <u>285,808</u>	\$ <u>246,061</u>	\$ <u>4,745,035</u>

See accompanying notes to financial statements.

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements

June 30, 2024

I. Description of Organization

Big Brothers Big Sisters of the Sun Coast, Inc. (the Organization) is a not-for-profit organization that provides professionally supervised matches of a volunteer with a youth from a single-parent family. The Organization provides services in Sarasota, Manatee, Highlands, Hardee, Charlotte, Desoto, Collier, Hendry, Glades and Lee Counties, Florida. The vision of the Organization is "All youth achieve their full potential." The mission of Big Brothers Big Sisters of the Sun Coast, Inc. is to "Create and support one-to-one mentoring relationships that ignite the power and promise of youth."

2. Summary of Significant Accounting Policies

Financial Statements

The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions.

Basis of Presentation

A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Contributions and other inflows of assets that are not subject to donor-imposed stipulations but may be designated for specific purposes by action of the Board of Directors (the Board). Net assets without donor restrictions include expendable funds available to support operations as well as net assets invested in property and equipment.

Net assets with donor restrictions - Contributions and other inflows of assets subject to donor-imposed stipulations that may or will be met by actions of the Organization or the passage of time or are permanently maintained by the Organization. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and reported in the accompanying Statement of Activities and changes in net assets as net assets released from restriction.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

2. Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable relate to amounts due to the Organization from federal, state and local contracts relating to the Organization's programs. Management determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual agencies. Management considers all grants due to be fully collectible. Therefore, no allowance for uncollectible grants has been recorded in the accompanying financial statements.

Property and Equipment

Property and equipment are carried at cost if purchased or at estimated fair market value at date of receipt if acquired by gift, less accumulated depreciation. Expenditures in excess of \$1,000 with estimated useful lives greater than one year are capitalized.

Depreciation on all property and equipment is calculated by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Office buildings	25
Vehicle	5
Furniture and equipment	3-15
Improvements	15

Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the Statement of Activities.

Revenue Recognition

A significant portion of the Organization's revenue is derived from agreed upon rates for service or cost-reimbursement federal and state contracts and grants. Cost reimbursement contracts and grants are conditional upon certain performance requirements or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Contributions and Recognition of Donor Restrictions

The Organization recognizes contributions received, including unconditional promises to give, as assets and revenue in the period received at their fair values. All contributions are considered to be increases in net assets without donor restrictions and available for use unless specifically restricted by the donor. Gifts of cash and other assets are reported as net assets with donor restrictions support if they are received with donor stipulations that limit the use of such assets.

When donor restrictions expire, 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the contributions are received.

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

2. Summary of Significant Accounting Policies (Continued)

Contributions and Recognition of Donor Restrictions (Continued)

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donated Material and Services

Donations of materials are recorded as support at the estimated fair market value at the date of donation. Donations of services are recorded as support at their estimated fair value if the services received create or enhance nonfinancial assets or the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A significant number of full and part-time volunteers that are matched with youth have made contributions of their time to maintain the Organization's programs. The estimated value of this contributed time is not reflected in these financial statements, since these services do not meet recognition requirements under U.S. GAAP.

Income Tax

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes except for net revenue from unrelated business activities. As such, no provision for income tax expense has been made in the accompanying financial statements.

The Organization recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination of the taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had no material uncertainties in income taxes as of June 30, 2024.

The Organization files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Organization is subject to include fiscal years ended June 30, 2021 through June 30, 2024.

Financial Instruments Not Measured at Fair Value

Certain of the Organization's financial instruments are not measured at fair value on a recurring basis but nevertheless certain financial instruments are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, grants receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. The expense analysis in the statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and related expenses have been allocated based on employee time and effort. Other costs are classified in each functional category based on the underlying purpose of each transaction.

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

2. Summary of Significant Accounting Policies (Continued)

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its Statement of Financial Position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition on the Statement of Activities.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. The Organization's lease agreements do not provide a readily determinable implicit rate. Therefore, to determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

3. Liquidity and Availability

The following table represents the Organization's financial assets at June 30, 2024 reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial position date because of contractual or donor restrictions or internal board designations:

Cash and cash equivalents	\$ 1,057,936
Grants receivable	326,447
Beneficial interest in the BBBS Foundation	4,618,315
Total financial assets	<u>6,002,698</u>
Less with donor restrictions	(130,000)
Board-designated expansions	(450,000)
Board-designated staffing	(150,000)
Board-designated operating reserve fund	<u>(1,653,659)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>3,619,039</u>

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

3. Liquidity and Availability (Continued)

The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the year ended June 30, 2024, the level of liquidity and reserves was managed within the policy requirements.

4. Grants Receivable

As of June 30, 2024, the Organization recorded funding related to grants of \$326,447. The funds are all due to be received in the fiscal year ended June 30, 2024 and are considered fully collectible.

5. Property and Equipment

Property and equipment consist of the following as of June 30, 2024:

Land	\$ 1,406,709
Office buildings	1,424,923
Vehicle	34,500
Furniture and equipment	360,120
Improvements	8,030
Construction in progress	1,588,721
Total property and equipment, net	4,823,003
Less: accumulated depreciation	(342,954)
Net property and equipment	\$ 4,480,049

Depreciation expense amounted to \$25,547 for the year ended June 30, 2024.

6. Investments in Real Estate

Investments in real estate consists of a one-week time-share unit at a vacation resort in North Carolina. Real estate investments are recorded at fair value as of the date of the donation.

7. Beneficial Interest - Foundation

The Big Brothers Big Sisters Foundation of the Sun Coast, Inc. (the Foundation) is a not-for-profit organization which was created for the purpose of raising funds to support the Organization, which provides office space and administrative support at no cost.

Assets held by the Foundation include cash in a money market account at a local bank and also funds managed under an agency endowment agreement in The Gulf Coast Community Foundation (GCCF). Under this agreement, the Foundation is entitled to an annual distribution of 4% of the asset value of the agency endowment fund, as determined on a 12-quarter rolling average. Variance power rests with GCCF to consider requests from the Foundation for a distribution in excess of 4%. During the year, the Foundation received a \$105,000 distribution and contributed the entire amount to the Organization.

The accompanying financial statements have presented the Foundation in accordance with FASB ASC 958-20-25-4, "Transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others." Accordingly, the net assets of the Foundation are recorded as an asset on the accompanying Statement of Financial position and changes in these net assets are recorded on the accompanying Statement of Activities. Foundation fund balances and transactions for the year ended June 30, 2024 are summarized below:

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

7. Beneficial Interest - Foundation (Continued)

Balance at beginning of year	\$ 1,547,100
Contribution revenue	1,004,297
Interest and dividends	150,544
Realized gains and unrealized gains	189,963
Program expenses	(262,644)
Transfer from Big Brothers Big Sisters of the Sun Coast, Inc.	4,529,108
Land transfers to Big Brothers Big Sisters of the Sun Coast, Inc.	(2,238,053)
Donation to Big Brothers Big Sisters of the Sun Coast, Inc.	(302,000)
Balance at end of year	<u>\$ 4,618,315</u>

8. Line of Credit

The Organization has a revolving note with a local institution in the amount of \$250,000 and bears interest at the Fifth Third Bank prime rate plus 1.45%. Collateral provided by the Organization includes all personal and real property located at 2831 Ringling Boulevard, Unit 201A, Sarasota, Florida 34237. There was a \$1.00 balance on the line of credit at June 30, 2024 with no activity during the fiscal year.

9. Long-Term Debt

On April 26, 2022, the Organization obtained a term note from a financial institution in the amount of \$1,870,000. Interest is fixed at 3.99% with quarterly payments of \$34,040 including interest, due on the 26th of each quarter beginning July 26, 2022. The loan is collateralized by the building and assignment of rent. The note matures on April 26, 2027 and includes a balloon payment of the outstanding interest and principal. The outstanding principal balance as of June 30, 2024 totaled \$1,731,995.

On July 6, 2023, the Organization obtained a construction loan from a financial institution in which the Organization can borrow up to \$1,566,125. Beginning August 6, 2023 and for the following 12 months, the Organization will make interest only payments on the outstanding principal balance. The interest rate for the first 12 months is the financial institution's prime rate minus 1.00%. The interest rate used at June 30, 2024 was 7.50%. Beginning August 6, 2024, the Organization will begin making principal and interest payments on the loan for 59 months with an interest rate of 3.28% over the swap rate. These payments will be based on an amortization over 240 months. On August 6, 2029, the Organization will make a payment of the remaining outstanding principal balance plus interest on the unpaid principal balance at 3.28% over the swap rate. Collateral for the loan is all real property at 5731, 5745 and 5763 Rosin Way, Sarasota, Florida 34233. The construction loan includes a financial covenant to maintain no less than \$750,000 in value in cash accounts or marketable securities. As of June 30, 2024, the Organization was in compliance with the financial requirement. The outstanding principal balance as of June 30, 2024 totaled \$943,600.

Total debt	\$ 2,675,595
Less: Current portion of long-term debt	<u>77,729</u>
Total long-term debt, net	<u>\$ 2,597,866</u>

Future maturities of long-term debt are as follows:

2025	\$ 77,729
2026	84,827
2027	1,608,474
2028	17,550
2029	19,732
Thereafter	<u>867,283</u>
Total	<u>\$ 2,675,595</u>

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

10. Net Asset Classifications

Net assets with donor restrictions as of June 30, 2024 consist of the following:

\$130,000 from a past contribution that was permanently restricted by the donor. Earnings on the original contribution are available without restriction. The funds are held by the Big Brothers Big Sisters Foundation of the Sun Coast, Inc. and administered by the Gulf Coast Community Foundation.

Management has decided to not classify assets held for programs such as “Bigs in Schools”, “Mentoring Children of Promise”, and “Decisions to Win” as net assets with donor restriction since they are all simply variations of the main program of “One on One Mentoring of Children”.

11. Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by other events specified by donors. During the year ended June 30, 2024, \$1,096,488 was released from donor restrictions for the capital campaign.

12. Leases

The Organization has various operating leases for office space in various counties through long-term and short-term lease agreements. Operating lease expense is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30, 2024:

Lease Expense

Operating lease expense	\$ 91,485
Short-term lease expense	79,916
Total	<u>\$ 171,401</u>

Other Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 89,371
ROU assets obtained in exchange for new operating lease liabilities	40,549
Weighted-average remaining lease term in years for operating leases	2.51
Weighted-average discount rate for operating leases	7.58%

Maturity Analysis

Year Ended June 30:

	Operating Lease
2025	\$ 88,484
2026	79,541
2027	36,169
2028	<u>6,753</u>
Total undiscounted cash flows	210,947
Less: present value discount	<u>(17,914)</u>
Total lease liabilities	<u>\$ 193,033</u>

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

12. Leases (Continued)

During the year ended June 30, 2022, the Organization purchased two buildings which had existing tenants. The Organization assumed the leases for the existing tenants, effective May 1, 2022.

Future minimum rental income to be received under these leases are as follows for the years ending June 30:

2025	\$ 118,994
2026	58,112
2027	34,484
Total	<u>\$ 211,590</u>

Rent income for office space totaled \$167,282 for the year ended June 30, 2024.

13. Retirement Plan

In May 1991, the Organization established a tax deferred annuity plan. Eligible employees may make salary reduction, pre-tax contributions to this plan. The Organization made matching contributions of \$37,888 to this plan during the year ended June 30, 2024.

14. Related-Party

The Organization is charged an annual support service fee by Big Brothers Big Sisters of America (National Office) and Big Brothers Big Sisters Association of Florida (State Office) based on a percentage of annual revenues of the previous fiscal year. This fee is for organization and management services provided by the National and State offices. The Organization recognized national and state support expense of \$66,739 for the year ended June 30, 2024, and is included in Program and Administrative - dues, national and other expense in the accompanying statement of functional expenses. In addition, the State Office charges a grant management fee for State funding that is passed through to the Organization ranging from 4% to 8% of the grant. Total grant management fees paid to the State Office totaled \$44,841 for the year ended June 30, 2024.

15. Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures cash and other deposits up to \$250,000 at each financial institution. At any given time, the Organization may have cash balances exceeding the insured amount at any one financial institution. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

16. Commitments and Contingencies

The Organization routinely enters into grant agreements and contracts with government agencies that provide for reimbursement of the eligible direct and indirect costs of providing certain of the Organization's program services. The grants and contracts are subject to audit or review and retroactive adjustment based on a final determination by the grantor of eligible reimbursable expenditures. The effect of such adjustments, if any, on the Organization's financial statements cannot be determined at this time and no provision has been made for any such adjustment in the accompanying financial statements.

Big Brothers Big Sisters of the Sun Coast, Inc.

Notes to Financial Statements (Continued)

June 30, 2024

17. Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of June 30, 2024, through the date these financial statements were available for issuance, October 31, 2024, and has determined that, aside from the below, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

In August 2024, the Organization drew an additional \$255,369 from their construction loan. The total loan balance of \$1,198,969 was fully paid off in October 2024.

Supplemental Information

Big Brothers Big Sisters of the Sun Coast, Inc.

Schedule of Expenditures of State Financial Assistance

For the Year Ended June 30, 2024

State Agency / Program Title / State Project	CSFA Number	Contract Number	State Expenditures
State of Florida Department of Education			
Passed through:			
Big Brothers Big Sisters Association of Florida, Inc.			
Mentoring / Student Assistance Initiatives		168-96448-	
Bigs Inspiring Scholastic Success	48.068	4Q001	\$ 704,033
State of Florida Department of Juvenile Justice			
Passed through:			
Big Brothers Big Sisters Association of Florida, Inc.			
Delinquency Prevention			
Mentoring Children of Incarcerated Parents	80.029	10707-A2	346,077
State of Florida Department of Commerce			
Passed through:			
Big Brothers Big Sisters Association of Florida, Inc.			
Workplace Mentoring			
Workforce Development Projects	40.037	WL-069	130,475
State of Florida Department of Legal Affairs and Attorney General			
Passed through:			
Big Brothers Big Sisters Association of Florida, Inc.			
Bigs In Blue Mentoring Project	41.035	GR-2023	213,356
Total Expenditures of State Financial Assistance			<u>\$ 1,393,941</u>

See Independent Auditor's Report.

Big Brothers Big Sisters of the Sun Coast, Inc.
Notes to Schedule of Expenditures of State Financial Assistance
June 30, 2024

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (Schedule) includes the State of Florida project activity of Big Brothers Big Sisters of the Sun Coast, Inc. and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations and the requirements of the State of Florida, Chapter 10.650, *Rules of the Auditor General*. The Schedule presents only a selected portion of the operations of Big Brothers Big Sisters of the Sun Coast, Inc. and is not intended to and does not present the financial position, changes in net assets, or cash flows of Big Brothers Big Sisters of the Sun Coast, Inc.

Note 2 - Contingencies

Expenditures incurred by the Organization are subject to audit and possible disallowance by the State of Florida Departments of Education, Juvenile Justice, Economic Opportunity and Legal Affairs Office of the Attorney General. Management believes that if audited, any adjustments for disallowed expenses would be immaterial in amount.

Contract Compliance

**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**

Independent Auditor's Report

The Board of Directors
Big Brothers Big Sisters of the Sun Coast, Inc.
Sarasota, Florida

We have audited, 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, the financial statements of Big Brothers Big Sisters of the Sun Coast, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 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 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 may exist that have not been identified.

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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kukuing Barbano & Co.

Sarasota, Florida
October 31, 2024

Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General of the State of Florida

Independent Auditor's Report

The Board of Directors
Big Brothers Big Sisters of the Sun Coast, Inc.
Sarasota, Florida

Report on Compliance for Each Major State Financial Assistance Project *Opinion on Each Major State Financial Assistance Project*

We have audited Big Brothers Big Sisters of the Sun Coast, Inc. (the Organization) compliance with the types of compliance requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the Organization's major state financial assistance projects for the year ended June 30, 2024. The Organization's major state financial assistance projects are identified in the summary of the 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended June 30, 2024.

Basis for Opinion on Each Major State Financial Assistance Project

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 Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Our responsibilities under those standards 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 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 state financial assistance project. Our audit does not provide legal determination of the Organization's compliance with the compliance requirements 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 law, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state projects.

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 Chapter 10.650, *Rules of the Auditor General of the State of Florida* will always detect material noncompliance when it exists. The risks 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 each major state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, we:

- Exercise professional judgement 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 Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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 state financial assistance 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 financial assistance 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 financial assistance 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.

Report on Internal Control Over Compliance (Continued)

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 have not been identified.

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 Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Accordingly, this report is not suitable for any other purpose.

Kukuing Barbanio & Co.

Sarasota, Florida
October 31, 2024

Big Brothers Big Sisters of the Sun Coast, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report 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 that are not considered to be material weakness(es)? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

State Projects:

Internal control over major state programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Chapter 10.650, Rules of the Auditor General?

_____ yes x no

Big Brothers Big Sisters of the Sun Coast, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Section I - Summary of Auditor's Results (Continued)

State Programs Tested as Major Programs:

CSFA Number

Name of State Program or Cluster

48.068

Mentoring / Student Assistance Initiatives

Dollar threshold used to distinguish between Type A and Type B programs: \$ 418,182

Section II - Financial Statement Findings

None

Section III - State Project Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Audit Findings

None

Section V - Other

A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).