



Big Brothers Big Sisters of Flint and Genesee County  
Audited Financial Statements  
June 30, 2016

*Prepared by Taylor & Morgan, P.C.*

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Big Brothers Big Sisters of Flint and Genesee County  
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INDEPENDENT AUDITOR'S REPORT

December 2, 2016

Board of Directors  
Big Brothers Big Sisters of Flint and Genesee County

**Report on the Financial Statements**

We have audited the accompanying financial statements of Big Brothers Big Sisters of Flint and Genesee County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Flint and Genesee County as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited Big Brothers Big Sisters of Flint and Genesee County's June 30, 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 11-12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Taylor & Morgan, P.C.*

Taylor & Morgan, P.C.  
Certified Public Accountants

Big Brothers Big Sisters of Flint and Genesee County  
 Statements of Financial Position  
 June 30, 2016  
 With Summarized information for June 30, 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and equivalents	\$ 271,046	\$ 86,079
Long-term investments	357,100	390,792
Grants receivable	84,909	41,680
Promises to give	40,000	-
Other receivables	14,824	45,745
Prepaid expenses	11,319	5,898
Property and equipment net of depreciation	<u>18,579</u>	<u>25,856</u>
Total assets	<u>\$ 797,777</u>	<u>\$ 596,050</u>
LIABILITIES		
Accounts payable	\$ 4,174	\$ 24,481
Accrued payroll and related liabilities	11,022	17,886
Deferred revenue	<u>9,167</u>	<u>-</u>
Total liabilities	24,363	42,367
NET ASSETS		
Unrestricted -		
Designated for long-term investment	400,538	424,986
Undesignated	319,070	112,969
Temporarily restricted	<u>53,806</u>	<u>15,728</u>
Total net assets	<u>773,414</u>	<u>553,683</u>
Total liabilities and net assets	<u>\$ 797,777</u>	<u>\$ 596,050</u>

Big Brothers Big Sisters of Flint and Genesee County  
 Statements of Activities  
 For the Year Ended June 30, 2016  
 With Summarized Information for the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
Revenues, gains and other support				
Grant income				
Ruth Mott Foundation	\$ -	\$ 110,920	\$ 110,920	\$ 111,000
BBBS of America	-	137,221	137,221	160,527
State of Michigan		22,928	22,928	14,728
Bishop Grant	-	60,000	60,000	-
United way	77,377	-	77,377	77,316
CDBG	-	73,660	73,660	30,000
Contributions and sponsorships	303,388	3,000	306,388	117,636
Fundraising activities:				
Bowling challenge	157,744	-	157,744	175,086
Agency Golf	61,145	-	61,145	67,763
Other	47,105	-	47,105	57,160
Miscellaneous income	9,433	-	9,433	5,525
Interest and dividends	5,702	-	5,702	9,655
Gains (losses) on asset disposal	(317)	-	(317)	-
Gains (losses) on investments	<u>(25,334)</u>	<u>-</u>	<u>(25,334)</u>	<u>10,705</u>
Total revenues, gains and other support	636,243	407,729	1,043,972	837,101
Net assets released from restrictions	369,651	(369,651)	-	-
Expenses				
Program services	617,128	-	617,128	583,623
Uncollectible receivable	-	-	-	43,750
Support services				
Fundraising	123,582	-	123,582	154,544
Management and general	83,531	-	83,531	84,323
Total expenses	<u>824,241</u>	<u>-</u>	<u>824,241</u>	<u>866,240</u>
Increase/(Decrease) in net assets	181,653	38,078	219,731	(29,139)
Net assets (deficit) - beginning of year	<u>537,955</u>	<u>15,728</u>	<u>553,683</u>	<u>582,822</u>
Net assets (deficit) - end of year	<u>\$ 719,608</u>	<u>\$ 53,806</u>	<u>\$ 773,414</u>	<u>\$ 553,683</u>

Big Brothers Big Sisters of Flint and Genesee County  
 Statements of Cash Flows  
 For the Year Ended June 30, 2016  
 With Summarized Information for the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase/(decrease) in net assets	\$ 219,731	\$ (29,139)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	10,500	9,150
(Gains)/losses on investments	25,334	(10,705)
(Gains)/losses on asset disposal	(317)	-
(Increase)/decrease in:		
Due from grantors/contributors	(52,308)	24,812
Pre-paid expenses	(5,421)	395
Increase/(decrease) in:		
Accounts payable	(20,307)	16,216
Accrued payroll	(6,864)	1,001
Deferred revenue	9,167	-
	<u>179,515</u>	<u>11,730</u>
<b>Net cash provided by/(used) by operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	445,041	253,064
Purchase of investments	(436,048)	(258,044)
Purchases of property and equipment	(3,541)	(6,111)
	<u>5,452</u>	<u>(11,091)</u>
<b>Net cash provided by/(used) by investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank line of credit	20,000	-
Payments on bank line of credit	(20,000)	-
	<u>-</u>	<u>-</u>
<b>Net cash provided by financing activities</b>		
Net increase/(decrease) in cash	184,967	639
Beginning cash	<u>86,079</u>	<u>85,440</u>
Ending cash	\$ <u><u>271,046</u></u>	\$ <u><u>86,079</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 151	\$ 1,126

**Big Brothers Big Sisters of Flint and Genesee County**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Description of Operations and Summary of Significant Accounting Policies**

**Description of Operations:**

Big Brothers Big Sisters of Flint and Genesee County (“the Agency”) is a Michigan nonprofit organization providing services for children and their families by adult volunteers, primarily on a one-to-one basis, under the supervision of professional staff. The children accepted into the program are those whose needs exceed the support and nurturing available from their families, schools, churches or neighborhood organizations.

**Method of Accounting:**

The financial statements of the Agency have been prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when incurred.

**Tax Exempt Status:**

The Agency is recognized by the Internal Revenue Services as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income taxation.

**Financial Statement Presentation:**

The Agency prepares its financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

**Support from Grantors and Contributors:**

Support from grantors and contributors is recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support from grantors is required to be reported as temporarily restricted and is then reclassified to unrestricted net assets upon expiration of the restrictions.

**Cash and Cash Equivalents:**

Cash and equivalents are short term investments that are readily convertible to cash or have a maturity date of 90 days or less from the date of purchase. Cash equivalents designated for long-term investment have been segregated from cash and are listed as investments on the statement of financial position.

**Estimates:**

The preparation of 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 period. Actual results could differ from those estimates.



**Big Brothers Big Sisters of Flint and Genesee County**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 2 - Cash and Investments**

At June 30, 2016, the carrying amount of deposits was \$227,608 and the bank balance was \$214,576. All of the bank balance was covered by Federal depository insurance.

Investments consist of an “agency trust” administered by Merrill Lynch. Trust assets are invested in money market funds (cash equivalents), U.S. Treasury and corporate notes of varying maturities and interest rates (fixed income obligations), and various corporate stocks (equities). Investments are reported at fair value on the Statement of Financial Position.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The values of these investments at June 30, 2016 and 2015 are as follows:

	2016	2016	2015	2015
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash Equivalents	\$ 43,438	\$ 43,438	\$ 34,194	\$ 34,194
Equities/Mutual Funds	375,954	357,100	361,726	390,792
Alternative Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 419,392</u>	<u>\$ 400,538</u>	<u>\$ 395,920</u>	<u>\$ 424,986</u>

The following schedule reflects an activity summary of the investment account for the years ended June 30, 2016 and 2015

	2016	2015
Beginning Balance	\$424,986	\$434,767
Dividends and Interest	5,702	9,655
Account Transfers	-	(25,000)
Account Fees	(4,816)	(5,141)
Realized Gains/(Losses)	13,334	12,289
Unrealized Gains/(Losses)	<u>(38,668)</u>	<u>(1,584)</u>
Ending Balance	<u>\$400,538</u>	<u>\$424,986</u>

**Note 3 – Summary of Fair Value Exposure**

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and required additional disclosure about the fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Agency has adopted this standard for its financial assets and liabilities measures on a recurring basis (ASC 820-10).

*Fair Value* measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. and exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

**Big Brothers Big Sisters of Flint and Genesee County**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 3 – Summary of Fair Value Exposure (continued)**

Level 1: Quoted prices in active markets for identical securities. The Agency had \$375,954 and \$361,726 invested in Level 1 investments for the years ended June 30, 2016 and 2015, respectively.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.) The Agency did not have any Level 2 investments.

Level 3: Significant unobservable inputs (including the Agency's own assumptions in determining the fair value of investment), The Agency did not have any Level 3 investments.

The inputs and methodology used for valuing the Agency's financial assets and liabilities are not indicators of the risks associated with those instruments.

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the table above:

Level 1: The fair value of the Agency's investments in marketable equity and debt securities is based on quoted market prices.

**Note 4 - Building and Equipment, and Depreciation**

A summary of building and equipment at June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Leasehold Improvements	\$ 2,724	\$ 2,724
Furniture and fixtures	56,733	56,733
Condominium-timeshare	9,000	9,000
Equipment & software	<u>74,602</u>	<u>76,484</u>
Subtotal	143,059	146,941
Less: Accumulated depreciation	<u>(124,480)</u>	<u>(121,085)</u>
Total	<u>\$ 18,579</u>	<u>\$ 25,856</u>

Equipment and leasehold improvements are stated at cost if purchased and fair market value if contributed. Assets with a cost exceeding \$500 are generally capitalized. Depreciation is calculated using the straight-line method over the respective useful lives. Depreciation expense for the years ended June 30, 2016 and 2015 amounted to \$10,500 and \$9,150, respectively.

**Note 5 – Temporarily Restricted Net Assets**

As of June 30, 2016 and 2015, temporarily restricted net assets were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Ruth Mott-Unified Sisters	\$ 13,806	\$ 14,103
Ruth Mott-100 Men 100 Boys	-	1,625
Bishop Grant	<u>40,000</u>	<u>-</u>
	<u>\$ 53,806</u>	<u>\$ 15,728</u>

**Big Brothers Big Sisters of Flint and Genesee County**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6 – Fundraising Income**

Revenue and direct expenses for fundraising activities for the year ended June 30, 2016 are as follows:

	Bowl-a-Mania	Bowling Challenge	Golf Outing	Ice Races	71 <sup>st</sup> Anniversary	Other
Revenue	\$ 5,729	\$157,744	\$61,145	\$ 12,760	\$ 14,972	\$ 13,644
Expenses	<u>(1,418)</u>	<u>(22,041)</u>	<u>(23,796)</u>	<u>(192)</u>	<u>(5,915)</u>	<u>(7,189)</u>
	<u>\$ 4,311</u>	<u>\$135,703</u>	<u>\$37,349</u>	<u>\$12,568</u>	<u>\$ 9,057</u>	<u>\$ 6,455</u>

**Note 7 - Retirement Plan**

The Agency maintains a defined contribution pension plan for its employees. Employees become eligible after they have served a one year probationary period. There were no employer contributions made for the years ended June 30, 2016 and 2015.

**Note 8 – Operating Lease**

The Agency leases its office space located at 410 E. Second St., Flint with a ten-year lease beginning August 1, 2006 and ending July 31, 2016. Monthly base rent starts at \$2,000 and increases annually by 4%. Total lease expense under this agreement for the years ended June 30, 2016 and 2015 was \$31,788 and \$31,603, respectively.

On June 23, 2016, the Agency agreed to an extension on its current lease until June 30, 2017. This extension calls for monthly payments of \$3,030. Future minimum lease obligations are \$36,361 for the year ended June 30, 2017.

**Note 9 – Line of Credit**

The Agency has a line of credit available to fund cash flow needs in the amount of \$100,000 with a local financial institution. This line of credit bears interest at the rate of Prime plus 1.0%. For the years ended June 30, 2016 and 2015, there was no balance on the line of credit.

**Note 10 – Endowment Fund**

The Agency is beneficiary of two endowment funds held by the Community Foundation of Greater Flint. For the years ended June 30, 2016 and June 30, 2015, the Agency received \$8,808 and \$8,670, respectively from these funds.

**Note 11 – Subsequent Events**

Subsequent events have been reviewed through December 2, 2016, which is the date the financial statements were available to be issued.

**Big Brothers Big Sisters of Flint and Genesee County**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 12 – Uncollectible Receivable**

During the year ended June 30, 2013, the Agency entered into an agreement to provide mentoring services to targeted youth. The Agency had complied with the terms of the agreement and an amount of \$43,750 had been requested by the Agency for reimbursement. Unfortunately, the grantor was undergoing an audit at the time of the fund request and the funds earmarked for this grant have been frozen. The Agency has been carrying this receivable on their books for the last two fiscal years and have reasonable assurance that this is an uncollectible debt. In an effort to appropriately state its financial position, a bad debt expense in the amount of \$43,750 is reflected in the June 30, 2015 financial statements.

**Note 13 – Pending Litigation**

On August 14, 2015, a former employee filed a Workers' Disability Compensation suit. The Agency, along with its insurance carrier, have denied any and all liability in this matter, which is scheduled for a control date of December 16, 2016. In the event that the former employee proceeds with litigation, counsel anticipates that the Agency would likely be successful in defending any such action.

Big Brothers Big Sisters of Flint and Genesee County  
Supplemental Information  
Statement of Functional Expenses  
For the Year Ended June 30, 2016

	<u>Program Services</u>		<u>Support Services</u>		<u>Total Support Services</u>	<u>Total Expenses</u>
	<u>Providing Mentors to Children</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Management and General</u>		
Salaries and wages	\$ 346,762	\$ 56,051	\$ 41,544	\$ 97,595	\$ 444,357	
Fringe benefits and taxes	57,850	6,979	3,178	10,157	68,007	
Total salaries and related expenses	404,612	63,030	44,722	107,752	512,364	
Contractual services	28,108	-	-	-	28,108	
Interest expense	-	-	151	151	151	
Advertising	1,696	3,437	-	3,437	5,133	
Occupancy	31,788	18,890	-	18,890	50,678	
Leased equipment	3,159	-	-	-	3,159	
Supplies	10,166	31,264	-	31,264	41,430	
Postage	2,022	775	-	775	2,797	
Printing	700	3,728	-	3,728	4,428	
Dues and fees	-	85	19,195	19,280	19,280	
Telephone and internet	11,763	-	-	-	11,763	
Travel and mileage	13,130	787	-	787	13,917	
Legal checks	1,549	-	-	-	1,549	
Professional services	3,704	-	12,835	12,835	16,539	
Maintenance and repairs	2,744	-	-	-	2,744	
Insurance	22,752	621	6,628	7,249	30,001	
Miscellaneous	-	775	-	775	775	
Activities	37,568	-	-	-	37,568	
Board training and staff development	3,070	-	-	-	3,070	
Meetings and conferences	1,550	190	-	190	1,740	
Unified sisters	26,547	-	-	-	26,547	
Depreciation	10,500	-	-	-	10,500	
Total Expenses	\$ <u>617,128</u>	\$ <u>123,582</u>	\$ <u>83,531</u>	\$ <u>207,113</u>	\$ <u>824,241</u>	

Big Brothers Big Sisters of Flint and Genesee County  
Supplemental Information  
Statement of Functional Expenses  
For the Year Ended June 30, 2015

	<u>Program Services</u>		<u>Support Services</u>		<u>Total Support Services</u>	<u>Total Expenses</u>
	<u>Providing Mentors to Children</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Management and General</u>		
Salaries and wages	\$ 346,578	\$ 54,849	\$ 32,678	\$ 87,527	\$ 434,105	
Fringe benefits and taxes	45,917	8,583	3,112	11,695	57,612	
Total salaries and related expenses	392,495	63,432	35,790	99,222	491,717	
Contractual services	33,408	3,360	-	3,360	36,768	
Interest expense	-	-	1,126	1,126	1,126	
Advertising	1,345	9,416	-	9,416	10,761	
Occupancy	31,603	31,807	-	31,807	63,410	
Leased equipment	2,553	-	3,871	3,871	6,424	
Supplies	14,692	33,419	-	33,419	48,111	
Postage	3,009	927	200	1,127	4,136	
Printing	1,242	6,502	-	6,502	7,744	
Dues and fees	-	70	20,227	20,297	20,297	
Telephone and internet	11,000	-	1,191	1,191	12,191	
Travel and mileage	10,897	359	-	359	11,256	
Legal checks	3,199	-	-	-	3,199	
Professional services	-	1,463	12,768	14,231	14,231	
Maintenance and repairs	1,912	-	-	-	1,912	
Insurance	28,375	779	-	779	29,154	
Miscellaneous	1,797	1,225	-	1,225	3,022	
Activities	19,830	1,500	-	1,500	21,330	
Board training and staff development	7,056	-	-	-	7,056	
Meetings and conferences	1,160	285	-	285	1,445	
Unified Sisters	18,050	-	-	-	18,050	
Uncollectible receivable	43,750	-	-	-	43,750	
Depreciation	-	-	9,150	9,150	9,150	
Total Expenses	\$ <u>627,373</u>	\$ <u>154,544</u>	\$ <u>84,323</u>	\$ <u>238,867</u>	\$ <u>866,240</u>	

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

December 2, 2016

Board of Directors  
Big Brothers Big Sisters of Flint and Genesee County  
Flint, Michigan

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 Flint and Genesee County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Big Brothers Big Sisters of Flint and Genesee County'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 Big Brothers Big Sisters of Flint and Genesee County's internal control. Accordingly, we do not express an opinion on the effectiveness of Big Brothers Big Sisters of Flint and Genesee County'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 noncompliance with a type of compliance requirement of a federal program 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 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 over financial reporting 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 financial reporting 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.

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control 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 organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Taylor & Morgan, P.C.*

TAYLOR & MORGAN, P.C.  
Certified Public Accountants