

Big Brothers Big Sisters of North Texas
and
Big Brothers Big Sisters of
North Texas Foundation
Combined Audited Financial Statements
December 31, 2006

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Combined Audited Financial Statements
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Brothers Big Sisters of North Texas
Big Brothers Big Sisters of North Texas Foundation

We have audited the accompanying combined statement of financial position of Big Brothers Big Sisters of North Texas and Big Brothers Big Sisters of North Texas Foundation (nonprofit organizations) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of Big Brothers Big Sisters of North Texas management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the State of Texas Single Audit Circular. 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Big Brothers Big Sisters of North Texas and Big Brothers Big Sisters of North Texas Foundation as of December 31, 2006, and the changes in their net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards and the State of Texas Single Audit Circular*, we have also issued our report dated April 13, 2007, on our consideration of Big Brothers Big Sisters of North Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the State of Texas Single Audit Circular* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic combined financial statements of Big Brothers Big Sisters of North Texas and Big Brothers Big Sisters of North Texas Foundation taken as a whole. The accompanying schedules 1-4 , are presented for the purposes of additional analysis. The accompanying schedule of expenditures of federal and state awards for the year ended December 31, 2006, is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations* and the State of Texas Single Audit Circular and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Albright, Hill & Sumpter, PC
Certified Public Accountants

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April 13, 2007

Big Brothers Big Sisters of North Texas
and
Big Brothers Big Sisters of
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Combined Statement of Financial Position
December 31, 2006

Assets

Cash and cash equivalents	\$ 2,865,577
Investments	3,404,827
Unconditional promises to give (net)	3,615,521
Prepaid expenses and deposits	35,610
Fixed assets (net of accumulated depreciation of \$847,847)	326,278
Cash surrender value of life insurance	32,713
Future headquarters	437,750
Other assets	<u>750</u>
Total Assets	<u><u>\$10,719,026</u></u>

Liabilities and Net Assets

Accounts payable	\$ 946,986
Payable to subrecipients	135,489
Salaries payable	145,036
Payroll liabilities	139,990
Scholarships payable	<u>263,541</u>
Total Liabilities	<u>1,631,042</u>
Unrestricted net assets	6,069,930
Temporarily restricted net assets	<u>3,018,054</u>
Total Net Assets	<u>9,087,984</u>
Total Liabilities and Net Assets	<u><u>\$10,719,026</u></u>

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of North Texas
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Combined Statement of Activities
For the year ended December 31, 2006

	Unrestricted	Temporarily Restricted	Total
Support, contributions and income:			
Contributions	\$ 1,761,631	\$ 28,760	\$ 1,790,391
Foundations and grants	2,658,521	25,000	2,683,521
Campaign for Children in Crisis	1,959,585	2,913,893	4,873,478
Special events (net of direct cost of \$387,461)	1,600,790	-	1,600,790
United Way grants	699,803	-	699,803
In-kind contributions	29,755	-	29,755
Investment income	426,537	-	426,537
Miscellaneous income	50,832	7,333	58,165
Net assets released from restrictions	24,242	(24,242)	-
Total	<u>9,211,696</u>	<u>2,950,744</u>	<u>12,162,440</u>
Program services:			
Program expense	6,839,671	-	6,839,671
Supporting services:			
Administrative expense	818,891	-	818,891
Fund raising expense	1,097,285	-	1,097,285
Total	<u>8,755,847</u>	<u>-</u>	<u>8,755,847</u>
Other expense:			
Uncollectible promises to give	124,511	-	124,511
Total	<u>8,880,358</u>	<u>-</u>	<u>8,880,358</u>
Increase in net assets	331,338	2,950,744	3,282,082
Net Assets - January 1, 2006	<u>5,738,592</u>	<u>67,310</u>	<u>5,805,902</u>
Net Assets - December 31, 2006	<u>\$ 6,069,930</u>	<u>\$3,018,054</u>	<u>\$ 9,087,984</u>

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of North Texas
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North Texas Foundation
Combined Statement of Cash Flows
For the year ended December 31, 2006

Cash Flows from Operating Activities:	
Change in net assets	\$3,282,082
Depreciation	60,714
Net increase in cash surrender value	(3,005)
Net realized and unrealized gains on investments	(310,683)
Increase in other assets	(750)
Reinvested investment earnings	(112,643)
Net increase in receivables/pledges	(1,909,014)
Net decrease in prepaid expense	7,789
Net increase in accounts payable and payroll liabilities	659,529
Net decrease in scholarships payable	<u>(34,797)</u>
Net cash provided by operations	<u>1,639,222</u>
Cash Flows from Investing Activities:	
Sale/maturities of investments	1,670,669
Purchase of investments	(1,242,846)
Purchase of fixed assets	<u>(458,169)</u>
Net cash used in investing activities	<u>(30,346)</u>
Increase in cash	1,608,876
Cash at beginning of year	<u>1,256,701</u>
Cash at end of year	<u><u>\$2,865,577</u></u>
Supplemental Cash Flow Information Cash Paid in 2006 For:	
Interest	<u>\$ -</u>
Taxes	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of North Texas
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Combined Statement of Functional Expenses
For the year ended December 31, 2006

	Program Expenses	Administrative Expense	Fund Raising Expense	Total
Total salaries and wages	\$3,955,475	\$ 465,350	\$ 307,675	\$4,728,500
Retirement costs	59,075	8,800	2,174	70,049
Employee-related insurance	566,052	52,959	21,732	640,743
Other benefits	43,269	15,818	8,257	67,344
Payroll taxes	325,944	43,241	21,601	390,786
Accounting fees	1,667	15,001	-	16,668
Supplies	18,451	8,714	1,404	28,569
Telecommunications	96,627	25,468	12,787	134,882
Postage and shipping	18,012	11,635	5,620	35,267
Occupancy expense	107,423	55,964	24,940	188,327
Equipment expense	102,789	10,046	25,609	138,444
Printing and publishing	13,377	9,048	5,942	28,367
Travel	99,207	8,680	6,369	114,256
Conferences	5,854	12,612	3,384	21,850
Interest	522	1,696	391	2,609
Depreciation	42,500	12,143	6,071	60,714
Other services	23,231	13,182	16,677	53,090
Dues and licenses	55,440	7,435	15,150	78,025
Miscellaneous	56,802	7,827	17,145	81,774
Board expenses	6,182	10,354	7,487	24,023
Public relations and marketing	4,021	4,070	3,685	11,776
Investment management fees	-	18,848	-	18,848
Program activity	1,237,751	-	-	1,237,751
Direct fundraising	-	-	583,185	583,185
Total	\$6,839,671	\$ 818,891	\$1,097,285	\$8,755,847

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of North Texas
Schedule of Expenditures of Federal and State Awards
For the year ended December 31, 2006

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U. S. Department of Education/school based	84.184B	\$ 950,693
U. S. Department of Health and Human Services/BBBS - South Texas		207,688
U. S. Department of Education/Criminal Justice Division - State of Texas		12,000
U. S. Department of Housing and Urban Development/City of Arlington - Community Development Block Grant		25,826
U. S. Department of Housing and Urban Development/City of Plano Community Development Block Grant		23,000
U. S. Department of Education/Criminal Justice Division		<u>57,461</u>
Total Expenditures of Federal Awards		<u>1,276,668</u>
Office of the Governor of the State of Texas	SF-06-J20-18140-1	1,286,735
	SF-06-J20-18140-2	559,880
	290TTAN	<u>156,950</u>
		2,003,565
Department of Family and Protective Services	23362051	<u>478,750</u>
Texas Parks and Wildlife	52-000351	<u>17,521</u>
Total Expenditures of State Awards		<u>2,499,836</u>
Total Expenditures of Federal and State Awards		<u><u>\$3,776,504</u></u>

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of North Texas
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Combined Audited Financial Statements
Notes to Financial Statements
For the year ended December 31, 2006

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Big Brothers Big Sisters of North Texas (the Organization) is a nonprofit organization formed to provide children from diverse and typically single parent backgrounds with the opportunity to improve their self-esteem through positive one-to-one relationships with adult volunteers.

The Organization is currently operating from seven separate locations: Collin County, Dallas County, Denton County, Grayson County, Lamar County, Arlington, and Fort Worth.

Big Brothers Big Sisters of North Texas Foundation (the Foundation) is a nonprofit corporation formed under the laws of the State of Texas and exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Foundation was formed for the purpose of creating and administering an endowment fund for the benefit of work sponsored by Big Brothers Big Sisters of North Texas (the Agency) and to perform such other functions as may be necessary or appropriate to fulfill the purposes of the Foundation. The board of directors of the Agency controls the board of directors of the Foundation. Resources for the Foundation's activities are primarily provided by investment revenue.

Big Brothers Big Sisters of North Texas and Big Brothers Big Sisters of North Texas Foundation are collectively referred to herein as the Organizations.

Income Tax Status

The Organizations are recognized by the Internal Revenue Service as exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code and are not a private foundation as defined in the code.

Basis of Presentation

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

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Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – net assets that are subject to donor-imposed stipulations that may or will be met by the occurrence of a specified event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets required to be maintained in perpetuity due to donor-imposed restrictions, with generally only the income used for general or specified purposes.

Combination Policy

These financial statements include the accounts of Big Brothers Big Sisters of North Texas and Big Brothers Big Sisters of North Texas Foundation. Although they are separate legal entities with their own accounting records, they have been combined in the accompanying combined financial statements due to the economic interest and control the Board of Big Brothers Big Sisters of North Texas over the Foundation. Interorganization transactions have been eliminated in the combined financial statements.

Use of Estimates and General Assumptions

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates and assumptions primarily relate to valuation, unsettled transactions, funding continuity/continuation and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts. Significant estimates and assumptions are as follows:

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1. Funding for the Organizations is derived from sources concentrated in the North Texas area. Continuation of such funding at current levels in future periods is subject economic conditions in the area, compliance with grant provisions, potential new legislation and continued applicability of missions.
2. The Organizations report significant pledges receivable. Management uses estimates to determine the need for an allowance for uncollectible pledges.
3. In determining lives used to depreciate fixed assets, valuation of investments, estimates of accrued expenses and allocations of functional expenses.
4. The Organizations report a liability for scholarships. The liability for scholarships is estimated based on management's expectation of the student's future utilization of the scholarship award.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

The Organizations' maintain cash balances in financial institutions that are insured up to \$100,000 by the Federal Deposit Insurance Corporation. At year end, the Organizations maintained balances in excess of federal deposit insurance of approximately \$3,500,000.

The statement of cash flows is prepared using the indirect method.

Investments

Investments in marketable securities are reported at fair market value in accordance with SFAS No. 124, *Accounting for Certain Investments held by Not-for-Profit Organizations*. Values are determined by Schwab. Unrealized gain and losses are included in the combined statement of financial activities.

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Land, Buildings and Equipments

Land, buildings and equipment are stated at cost or, if acquired by gift, fair market value at the date of gift.

Depreciation of buildings and equipment is provided using the straight-line method over the following estimated useful lives:

Buildings and improvements	10–20 years
Furniture and equipment	3–10 years

Depreciation expense for 2006 was \$60,714.

Support

The organization is supported primarily by contributions and grants from individuals, corporations, other nonprofit organizations, and government agencies.

Donated Services

Numerous individuals donate significant amounts of time to the Organizations. No donated services were utilized that met the criteria to be recorded as revenue on the Organization's financial statements.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies by management. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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Joint Costs

The Organization achieves some programmatic goals through special events. Therefore, \$59,978 of special events costs were allocated to program expense on the statement of functional expenses.

NOTE 2 - RELATED ENTITIES

The Organization enters into various transactions with other Big Brother Big Sister affiliates across the country. Such transactions are nominal.

NOTE 3 - INVESTMENTS

The Organization's investments in marketable securities as of December 31, 2006 consist of the following:

Equity type securities	\$ 2,395,367
Debt type securities	<u>1,009,460</u>
	<u>\$ 3,404,827</u>

41% of the investment portfolio is concentrated in the following investments:

LKCM Fixed Income Fund	\$ 945,186	28%
LKCM Small Cap Equity Fund	227,241	7%
Bank of America Corp	106,780	3%
Coca Cola Company	<u>96,500</u>	<u>3%</u>
	<u>\$ 1,375,707</u>	<u>41%</u>

Investment income for 2006 consisted of the following:

Interest and dividends	\$ 115,854
Realized gains on redemption of investments	97,011
Unrealized gains on investments	<u>213,672</u>
	<u>\$ 426,537</u>

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NOTE 4 – CASH SURRENDER VALUE – LIFE INSURANCE

Three former board members have contributed life insurance policies on themselves to the Foundation. The Foundation is the owner and beneficiary of these policies. The estimated cash surrender value of these policies as of December 31, 2006 is \$32,713.

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

During 2006, the Organizations began a campaign titled “The Campaign for Children in Crisis” (CFCC). The funds from this campaign will be utilized for new Headquarters, Endowments, Program Expansion and Agency operations. 59% of the funds raised will ultimately be transferred to the Foundation while 41% will be retained by the Agency. The campaign goal is as follows:

Headquarters	\$ 6,775,000		
Endowments	<u>6,000,000</u>	\$12,775,000	59%
Program Expansion	4,000,000		
Agency operations	<u>5,000,000</u>	<u>9,000,000</u>	41%
Total		<u>\$21,775,000</u>	100%

Contributions to the Organizations are recognized when the donor makes a promise to give that is, in substance, unconditional. These unconditional promises to give are received from various sources.

An allowance for uncollectible unconditional promises to give is provided for based on an aging of open accounts at the balance sheet date and prior year experience. Promises to give beyond 2006 are valued using discount rate of 2.5%.

Unconditional promises to give at December 31, 2006, were as follows:

Unconditional promises to give	\$ 3,775,545
Less allowance for uncollectible	(44,247)
Less discount to net present value	(<u>115,777</u>)
Net unconditional promises to give	<u>\$ 3,615,521</u>
Receivable in one year or less	\$ 1,887,830
Receivable between one to five years	\$ 1,727,691

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Notes to Financial Statements
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NOTE 6 – EMPLOYEE RETIREMENT PLAN

A defined contribution retirement plan is provided for employees meeting certain minimum eligibility requirements. Employees may contribute a portion of their earnings to this plan with the Organization matching a portion of these contributions. During 2006, the Organization contributed matching funds totaling \$70,039 to the plan.

NOTE 7 – SCHOLARSHIPS PAYABLE

The Organization awarded college scholarships to deserving students several years ago. Commitment letters were signed with these students. A liability for these scholarship commitments was estimated based on historical utilization of the scholarships. During 2006 scholarship payments in the amount of \$34,797 were disbursed.

NOTE 8 – RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions for which the donors impose restrictions on the use of the funds. As of December 31, 2006, the net assets were temporarily restricted for the following purposes:

CFCC	\$ 2,913,893
School based mentoring	14,536
Scholarships	44,582
Special events and activities	16,283
Nutrition	<u>28,760</u>
	<u>\$ 3,018,054</u>

During 2006, net assets were released from restrictions and utilized as follows:

Scholarship	\$ 3,698
Technology	16,556
School supplies	1,431
Special events and activities	<u>2,557</u>
	<u>\$ 24,242</u>

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NOTE 9 – SPECIAL EVENT REVENUE

During 2006, the following special events generated significant revenue as indicated below:

<u>Event</u>	<u>Revenue Generated</u>
Bowl for kid's sake	\$ 558,803
Gala	\$ 511,619
Celebrity golf	\$ 441,494
Raffle	\$ 275,469

The loss of any of these revenues would have a significant effect on the operations of the Organization.

The above special event revenue is shown gross prior to direct costs.

NOTE 10 – LEASES

The Organization is committed under four long-term leases for office space at various locations. These leases expire in 2007.

The remaining commitment under these non-cancelable leases is as follows:

<u>Year</u>	<u>Obligation</u>
2007	\$ 38,262

There were also several nominal operating leases of office equipment and month-to-month leases on two office spaces. For the equipment leases the residual value of these leased assets approximated the amount of the lease obligations.

NOTE 11 – ACCRUED COMPENSATED ABSENCES

Accrued compensated absences totaling \$135,890 are included as expense and a corresponding liability reflected on the attached financial statements.

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Combined Audited Financial Statements
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NOTE 12 – IN KIND CONTRIBUTIONS

Facilities

The Organization's Dallas office was housed in donated facilities for part of 2006. This contribution is valued at \$29,755.

NOTE 13 – SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations and the State of Texas Single Audit Circular*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Big Brothers Big Sisters of North Texas

We have audited the financial statements of Big Brothers Big Sisters of North Texas as of and for the year ended December 31, 2006, and have issued our report thereon dated April 13, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Big Brothers Big Sisters of North Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of Big Brothers Big Sisters of North Texas in a separate letter dated April 13, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Brothers Big Sisters of North Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination

To the Board of Directors
Big Brothers and Big Sisters of North Texas

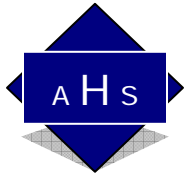
of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Big Brothers Big Sisters of North Texas in a separate letter dated April 13, 2007.

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albright, Hill & Sumpter, PC
Certified Public Accountants

A handwritten signature in dark ink that reads "Albright, Hill & Sumpter". The signature is written in a cursive, flowing style.

April 13, 2007



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133
AND
STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Directors
Big Brothers Big Sisters of North Texas

Compliance

We have audited the compliance of Big Brothers Big Sisters of North Texas with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement State of Texas Single Audit Circular* that are applicable to each of its major federal programs for the year ended December 31, 2006. Big Brothers Big Sisters of North Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Big Brothers Big Sisters of North Texas' management. Our responsibility is to express an opinion on Big Brothers Big Sisters of North Texas compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about Big Brothers Big Sisters of North Texas' 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. Our audit does not provide a legal determination on Big Brothers Big Sisters of North Texas' compliance with those requirements.



ALBRIGHT, HILL & SUMPTER

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Corporation

In our opinion, Big Brothers Big Sisters of North Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

To the Board of Directors
Big Brothers Big Sisters of North Texas

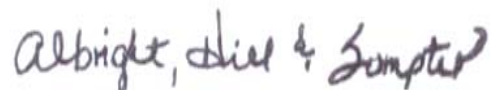
Internal Control Over Compliance

The management of Big Brothers Big Sisters of North Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Big Brothers Big Sisters of North Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albright, Hill & Sumpter, PC
Certified Public Accountants

Handwritten signature in cursive script that reads "Albright, Hill & Sumpter".

April 13, 2007

Big Brothers Big Sisters of North Texas
 Schedule of Findings and Questioned Costs
 For the year ended December 31, 2006

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified	None reported
Reportable conditions identified	None reported
Noncompliance material to financial statements:	None reported

Federal Awards:

Internal control over major program:	
Material weakness identified	None reported
Reportable conditions identified	None reported
Type of auditor’s report issued on compliance for major program:	Unqualified
Any audit findings to be reported in accordance with Circular A-133, Section .510(a):	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal/State Program</u>
84.184B	School Based Program
State of Texas	Amachi
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings: No material findings to report

Section III – Federal Awarding Findings and Questioned Costs: No material findings to report

Big Brothers Big Sisters of North Texas
Schedule of Financial Position
December 31, 2006

Assets

Cash and cash equivalents	\$ 1,685,508
Unconditional promises to give (net)	3,615,521
Due from Foundation	3,460
Prepaid expenses and deposits	35,610
Fixed assets (net of accumulated depreciation of \$847,847)	326,278
Other assets	<u>750</u>
 Total Assets	 <u><u>\$ 5,667,127</u></u>

Liabilities and Net Assets

Accounts payable	\$ 946,986
Payable to subrecipients	135,489
Salaries payable	145,036
Payroll liabilities	139,990
Due to Foundation	<u>1,697,550</u>
 Total Liabilities	 <u>3,065,051</u>
 Unrestricted net assets	 2,522,915
Temporarily restricted net assets	<u>79,161</u>
 Total Net Assets	 <u>2,602,076</u>
 Total Liabilities and Net Assets	 <u><u>\$ 5,667,127</u></u>

The accompanying notes are an integral part of this schedule.

Big Brothers Big Sisters of North Texas
Statement of Activities
For the year ended December 31, 2006

	Unrestricted	Temporarily Restricted	Total
Support, contributions and income:			
Contributions	\$ 1,761,631	\$ 28,760	\$ 1,790,391
Foundations and grants	3,136,979	-	3,136,979
Capital campaign	2,024,908	-	2,024,908
Special events	1,600,790	-	1,600,790
United Way grants	699,803	-	699,803
In-kind contributions	29,755	-	29,755
Investment income	3,211	-	3,211
Miscellaneous income	47,828	7,333	55,161
Net assets released from restrictions	24,242	(24,242)	-
Total	<u>9,329,147</u>	<u>11,851</u>	<u>9,340,998</u>
Program services:			
Program expense	6,842,861	-	6,842,861
Supporting services:			
Administrative expense	728,963	-	728,963
Fund raising expense	1,005,615	-	1,005,615
Total	<u>8,577,439</u>	<u>-</u>	<u>8,577,439</u>
Other expense:			
Uncollectible promises to give	124,511	-	124,511
Total	<u>8,701,950</u>	<u>-</u>	<u>8,701,950</u>
Total change in net assets	627,197	11,851	639,048
Net Assets - January 1, 2006	1,895,718	67,310	1,963,028
Net Assets - December 31, 2006	<u>\$ 2,522,915</u>	<u>\$ 79,161</u>	<u>\$ 2,602,076</u>

The accompanying notes are an integral part of this schedule.

Big Brothers Big Sisters of North Texas Foundation
Schedule of Financial Position
December 31, 2006

Assets

Cash and cash equivalents	\$1,180,069
Investments	3,404,827
Unconditional promises to give (net) (due from Agency)	1,697,550
Future headquarters	437,750
Cash surrender value of life insurance	32,713
	<u>\$6,752,909</u>

Liabilities and Net Assets

Due to Agency	\$ 3,460
Scholarship payable	263,541
	<u>267,001</u>
Total Liabilities	<u>267,001</u>
Unrestricted net assets	3,608,358
Temporarily restricted net assets	2,877,550
	<u>6,485,908</u>
Total Net Assets	<u>6,485,908</u>
Total Liabilities and Net Assets	<u>\$6,752,909</u>

The accompanying notes are an integral part of this schedule.

Big Brothers Big Sisters of North Texas Foundation
Schedule of Financial Activities
For the year ended December 31, 2006

	Unrestricted	Temporarily Restricted	Total
Campaign for Children in Crisis	\$ -	\$2,877,550	\$2,877,550
Investment income	423,326	-	423,326
Miscellaneous income	3,004	-	3,004
Total	<u>426,330</u>	<u>2,877,550</u>	<u>3,303,880</u>
Program services:			
Program expense	363,478	-	363,478
Supporting services:			
Administrative expense	21,368	-	21,368
Fund raising expense	276,000	-	276,000
Total	<u>660,846</u>	<u>-</u>	<u>660,846</u>
Increase (decrease) in unrestricted net assets	(234,516)	2,877,550	2,643,034
Net assets - January 1, 2006	<u>3,842,874</u>	<u>-</u>	<u>3,842,874</u>
Net assets - December 31, 2006	<u><u>\$3,608,358</u></u>	<u><u>\$2,877,550</u></u>	<u><u>\$6,485,908</u></u>

The accompanying notes are an integral part of this schedule.