

**BIG BROTHERS BIG SISTERS
OF TAMPA BAY, INC.**

FINANCIAL STATEMENTS

December 31, 2009

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BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2009

(With Summarized Amounts for 2008)

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total 2008
Current Assets					
Cash and cash equivalents	\$ 38,410	\$ 46,365	\$ 11,025	\$ 95,800	\$ 118,252
Investments	-	-	-	-	21,427
Accounts receivable					
Grants	133,666	-	-	133,666	210,875
Other	36,716	-	-	36,716	29,556
Contributions receivable, net	63,354	-	-	63,354	90,386
Prepaid expenses	23,114	-	-	23,114	22,164
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	295,260	46,365	11,025	352,650	492,660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Property and equipment, net	71,279	-	-	71,279	72,173
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Contributions receivable, net	-	245,021	-	245,021	189,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deposits	1,667	-	-	1,667	1,667
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 368,206</u>	<u>\$ 291,386</u>	<u>\$ 11,025</u>	<u>\$ 670,617</u>	<u>\$ 755,831</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Line of credit	\$ 125,000	\$ -	\$ -	\$ 125,000	\$ 90,000
Accounts payable	22,501	-	-	22,501	21,232
Accrued expenses and other liabilities	28,068	-	-	28,068	36,777
Capital lease obligation, current portion	4,024	-	-	4,024	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	179,593	-	-	179,593	148,009
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Long-term debt					
Capital lease obligation, less current portion	12,810	-	-	12,810	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Commitments					
Net assets					
Unrestricted	175,803	-	-	175,803	345,968
Temporarily restricted	-	291,386	-	291,386	261,854
Permanently restricted	-	-	11,025	11,025	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	175,803	291,386	11,025	478,214	607,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 368,206</u>	<u>\$ 291,386</u>	<u>\$ 11,025</u>	<u>\$ 670,617</u>	<u>\$ 755,831</u>

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

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009
(With Summarized Amounts for 2008)

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	Total 2008
	Operating	Board Designated				
PUBLIC SUPPORT AND REVENUE						
Public support						
Received directly						
Contributions	\$ 383,578	\$ -	\$ 175,112	\$ 11,025	\$ 569,715	\$ 734,982
Special events	424,197	-	-	-	424,197	512,501
Received indirectly						
United Way allocations	-	-	353,666	-	353,666	372,374
Total public support	<u>807,775</u>	<u>-</u>	<u>528,778</u>	<u>11,025</u>	<u>1,347,578</u>	<u>1,619,857</u>
Other revenue						
Grants from governmental agencies	1,002,051	-	-	-	1,002,051	1,168,232
Investment (loss) income	461	8,232	-	-	8,693	(11,316)
Miscellaneous	5,086	-	-	-	5,086	2,750
Total other revenue	<u>1,007,598</u>	<u>8,232</u>	<u>-</u>	<u>-</u>	<u>1,015,830</u>	<u>1,159,666</u>
Net assets released from restrictions	<u>529,614</u>	<u>(30,368)</u>	<u>(499,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and other revenue	<u>2,344,987</u>	<u>(22,136)</u>	<u>29,532</u>	<u>11,025</u>	<u>2,363,408</u>	<u>2,779,523</u>
EXPENSES						
Program services						
	<u>2,006,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,661</u>	<u>2,201,893</u>
Supporting services						
Management and general	137,390	-	-	-	137,390	209,180
Fundraising	348,965	-	-	-	348,965	366,722
Total supporting services	<u>486,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,355</u>	<u>575,902</u>
Total expenses	<u>2,493,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,493,016</u>	<u>2,777,795</u>
Change in net assets	(148,029)	(22,136)	29,532	11,025	(129,608)	25,220
Net assets, beginning of year	<u>323,832</u>	<u>22,136</u>	<u>261,854</u>	<u>-</u>	<u>607,822</u>	<u>582,602</u>
Net assets, end of year	<u>\$ 175,803</u>	<u>\$ -</u>	<u>\$ 291,386</u>	<u>\$ 11,025</u>	<u>\$ 478,214</u>	<u>\$ 607,822</u>

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

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2009
(With Summarized Amounts for 2008)

	<u>Supporting Services</u>					
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Support</u>	<u>Total</u>	<u>Total 2008</u>
Salaries	\$ 1,155,848	\$ 84,323	\$ 166,782	\$ 251,105	\$ 1,406,953	\$ 1,510,913
Employee benefits	142,055	8,295	16,032	24,327	166,382	171,986
Payroll taxes	87,855	6,646	12,628	19,274	107,129	109,167
Total salaries and related expenses	<u>1,385,758</u>	<u>99,264</u>	<u>195,442</u>	<u>294,706</u>	<u>1,680,464</u>	<u>1,792,066</u>
Bad debt	38,931	-	-	-	38,931	11,746
Conferences, conventions and meetings	10,574	3	2,410	2,413	12,987	19,289
Donations	100	-	-	-	100	-
Dues and subscriptions	31,354	336	1,031	1,367	32,721	33,945
Employee training	654	-	43	43	697	7,412
Fundraising	-	-	107,175	107,175	107,175	129,827
Insurance	40,508	1,647	3,598	5,245	45,753	52,201
Minor equipment and maintenance	21,095	5,189	5,349	10,538	31,633	56,695
Postage	7,701	561	1,228	1,789	9,490	14,184
Printing and publications	739	-	-	-	739	9,544
Professional fees	100,223	2,114	724	2,838	103,061	104,486
Program assistance	58,931	-	-	-	58,931	56,857
Payroll services and bank charges	20,291	7,882	4,988	12,870	33,161	43,828
Public relations	3,043	-	-	-	3,043	77,153
Rents	157,820	8,883	17,202	26,085	183,905	228,323
Supplies	8,041	735	726	1,461	9,502	17,272
Telephone	44,423	1,628	3,530	5,158	49,581	35,565
Transportation	39,721	1,407	1,621	3,028	42,749	51,149
Utilities	7,345	-	-	-	7,345	8,362
Total expenses before depreciation and interest	<u>1,977,252</u>	<u>129,649</u>	<u>345,067</u>	<u>474,716</u>	<u>2,451,968</u>	<u>2,749,904</u>
Depreciation	29,409	2,126	3,898	6,024	35,433	26,953
Interest	-	5,615	-	5,615	5,615	938
Total expenses	<u>\$ 2,006,661</u>	<u>\$ 137,390</u>	<u>\$ 348,965</u>	<u>\$ 486,355</u>	<u>\$ 2,493,016</u>	<u>\$ 2,777,795</u>

The accompanying notes are an integral part of this statement.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

(With Comparative Amounts for 2008)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2,009</u>	<u>2008</u>
Change in net assets	\$ (129,608)	\$ 25,220
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	35,432	26,953
Realized investment gain	(8,232)	-
Permanently restricted contributions	(11,025)	-
Unrealized investment loss	-	12,424
(Increase) decrease in assets:		
Accounts receivable	(7,160)	(5,111)
Grants receivable	77,209	2,690
Contributions receivable	(28,658)	(41,674)
Prepaid expenses and other assets	(950)	5,543
Increase (decrease) in liabilities:		
Accounts payable	1,269	7,317
Accrued expenses	(8,709)	3,915
	<u>(80,432)</u>	<u>37,277</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	29,659	-
Purchase of property and equipment	(15,890)	(15,230)
	<u>13,769</u>	<u>(15,230)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(1,814)	-
Permanently restricted contributions	11,025	-
Net advances (repayments) under line of credit	35,000	(20,000)
	<u>44,211</u>	<u>(20,000)</u>
Net decrease (increase) in cash and cash equivalents	(22,452)	2,047
Cash and cash equivalents, beginning of year	<u>118,252</u>	<u>116,205</u>
Cash and cash equivalents, end of year	<u>\$ 95,800</u>	<u>\$ 118,252</u>
Supplemental disclosure		
Interest paid in cash	<u>\$ 5,615</u>	<u>\$ 938</u>
Non-cash investing and financing activities		
Equipment purchased under capital lease obligation	<u>\$ 18,648</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE A –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Big Brothers Big Sisters of Tampa Bay, Inc. (the “Organization”), a Florida corporation, is a not-for-profit organization that operates for the purpose of strengthening the community through high quality mentoring and life enriching relationships between volunteers and children. The Organization is headquartered in Tampa, Florida and serves Hillsborough, Pasco and Polk Counties. Big Brothers Big Sisters of Tampa Bay, Inc. strives to provide the children it serves with wholesome growth experiences and to positively impact their families. The Organization’s primary source of funding is from grants, contracts and contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payable and other liabilities.

Basis of Presentation

The Organization has adopted Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. 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.

Revenue Recognition

The Organization recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are reclassified unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions when a grantor or donor restriction expires, a stipulated time restriction ends, or the purpose restricted is accomplished.

The Organization recognizes revenues from exchange transactions when the service is rendered. Receivables are recognized for outstanding invoices.

The Organization considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Use of 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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions Receivable

Donors’ unconditional promises to give are recorded as revenues in the period in which the promise to give is received. The Organization has recorded a valuation allowance based on prior experience in collections of unconditional promises to give in the past. In determining the net receivable amounts, the anticipated cash flow from collection of contributions receivable is discounted at an annual rate of .69% for contributions received in 2009 and an annual rate of 3.0% for contributions received prior to 2009.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE A –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Purchases of furniture, equipment and leasehold improvements in excess of \$500 are capitalized and depreciated using the straight-line method over their estimated useful lives. Furniture, equipment and leasehold improvements acquired by donation have been recorded at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of assets.

Donated Materials and Services

Donated materials are recorded as contributions at their estimated values at the date of receipt. No amounts have been recorded for donated services since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant time in program services and fundraising events, including approximately 2,145 volunteers who each provided approximately 50 hours of mentoring care within the programs of the Organization during the year ended December 31, 2009.

Functional Expenses

The costs of providing various services have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Costs that are directly related to the Organization's specific purpose have been recorded as a direct expense and included as program services. Certain expenses are allocated among program, management and general and fundraising based on the amount of employee time involved.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid short-term money market instruments with a maturity of three months or less when purchased. Cash is restricted for the use of forming mentoring and life enriching relationships between volunteers and children.

Income Taxes

The Organization has received a determination of tax-exempt status from the Internal Revenue Service under Code Section 501(c)(3) and, consequently, the earnings of the Organization are not taxed. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in program expenses. During the year ended December 31, 2009, the Organization did not incur any interest or penalties related to tax positions.

Adoption of New Accounting Standard

The Organization adopted the provisions of the Financial Accounting Standards Board's "Accounting for Uncertainty in Income Taxes" on January 1, 2009. No adjustments were necessary as a result of this implementation as there are no positions for which it is reasonably possible that tax benefits and or burdens would significantly increase or decrease within 12 months of the reporting date.

Prior Year Financial Information

The financial statements include certain prior-year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE A –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Fair Value of Financial Instruments

The Organization's financial instruments, which includes cash and cash equivalents, grants receivables, other receivables, contributions receivable, line of credit accounts payable, accrued expenses, other liabilities and capitalized lease obligation, approximate fair value at December 31, 2009.

Net Assets

The Organization's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

The unrestricted net assets consist of operating funds available for any purpose authorized by the Board of Directors. The Organization had \$175,803 in unrestricted net assets as of December 31, 2009.

Temporarily restricted net assets consist of funds arising from grants, contracts and contributions in which the donor or grantor has stipulated restrictions on how or when the funds may be spent. The Organization had \$291,386 in temporarily restricted net assets as of December 31, 2009.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds may be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor. As of December 31, 2009, the Organization had \$11,025 in permanently restricted net assets.

Net Assets Released from Restrictions

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2009 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2009. Management has performed this analysis through March 24, 2010.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE B – CONCENTRATION OF CREDIT RISKS

The Organization has bank accounts at two financial institutions. These accounts may at times have balances which exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on its cash accounts.

NOTE C – CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give by donors from various fundraising campaigns by the Organization and are summarized as follows at December 31, 2009:

Total contributions receivable	\$	376,128
Less allowance for uncollectible amounts		(51,047)
Less discount for present value (.69%)		<u>(16,706)</u>
	\$	<u>308,375</u>
Current receivable	\$	63,354
Long-term receivable		<u>245,021</u>
	\$	<u>308,375</u>

Anticipated collection periods of contributions receivable at December 31, 2009 are summarized as follows:

Due in one year or less	\$	63,354
Due between one and five years		199,205
Due between six and ten years		<u>45,816</u>
	\$	<u>308,375</u>

NOTE D – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2009 is as follows:

Furniture and equipment	\$	305,749
Leasehold improvements		<u>43,830</u>
		349,579
Less accumulated depreciation		<u>(278,300)</u>
	\$	<u>71,279</u>

NOTE E – NOTE PAYABLE TO BANK

The Organization maintains a \$125,000 line of credit with a financial institution. Interest is payable monthly at .5% less than the prime rate. The line of credit is collateralized by all deposit accounts with the financial institution and is due on demand. There was \$125,000 outstanding under this agreement at December 31, 2009.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE F – RETIREMENT SAVINGS PLAN

The Organization formed the BBBS 401(k) Retirement Savings Plan (the “Plan”) effective January 1, 2004. The Plan covers all employees who are at least 18 years of age with one or more years of service. The Organization may make a discretionary match. Contributions to the Plan were \$10,333 for the year ended December 31, 2009.

NOTE G - COMMITMENTS

The Organization conducts its operations in leased facilities and also leases certain equipment under operating lease agreements. The following is a schedule by years of future minimum lease payments under all noncancellable leases:

<u>Year ending December 31,</u>	
2010	\$ 177,368
2011	178,698
2012	108,053
2013	38,016
2014	<u>15,840</u>
	<u>\$ 517,975</u>

Rent expense for the Organization for the year ended December 31, 2009 was \$183,905.

NOTE H – CAPITAL LEASE OBLIGATION

The Organization leases equipment under a capital lease with a capitalized cost of \$18,648. Accumulated depreciation in the statement of financial position included \$3,109 relating to this equipment. Depreciation expense reported in the statement of activities includes \$3,109 for the equipment under capital lease. The lease includes \$1 bargain purchase option at the end of the lease period. The following is a schedule by years of future minimum lease payments under the capital lease obligation:

<u>Year ending December 31,</u>	
2010	\$ 6,075
2011	6,075
2012	6,075
2013	<u>3,037</u>
Net minimum lease payments	21,262
Amount representing interest	<u>(4,428)</u>
Present value of net minimum lease payments	<u>\$ 16,834</u>

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets which are for contract funds for which expenses have not yet been incurred to satisfy their restricted purpose consist of the following at December 31, 2009:

Little Moments Big Magic	\$ 245,021
JP Morgan Sulpher Springs	31,167
Hobbs Family Foundation	10,000
Pasco Activities Fund	1,868
Charles Manly Memorial	3,330
	<u>\$ 291,386</u>

NOTE J – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, or by the passage of time.

Purpose restrictions accomplished:

United Way	\$ 353,666
Little Moments Big Magic	63,354
Rays Sports	41,666
Zeno Office Solutions	12,500
Hobbs Family Foundation	10,000
Allegheny Franciscan Foundation	4,583
Various	13,477
	<u>\$ 499,246</u>

NOTE K – RELATED PARTIES

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 expenditures.

This fee is for organizational and management services provided by the National and State offices. The Organization recognized national and state support expense of approximately \$33,000 for the year ended December 31, 2009 and is included in dues and subscriptions on the Statement of Functional Expenses.

The Organization has a volunteer Board of Directors and had contributions receivable of \$186,650 as of December 31, 2009 from participating members.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE L – ECONOMIC DEPENDENCY

The Organization receives a substantial amount of funding (approximately 43% during the year ended December 31, 2009) from federal, state and local grants. The availability and funding of such grants are subject to change with little or no advance notice.

Additionally, the Organization receives a substantial amount of funding (approximately 15 % during the year ended December 31, 2009) from the United Way. The availability of such funding is subject to change with little or no advance notice.

Two annually held special events constitute approximately 77% of total special event revenue and approximately 18% of total revenue for the year ended December 31, 2009.

NOTE M – FUNDRAISING EXPENSE

Total fundraising expense for the year ended December 31, 2009 was \$387,896. Fundraising expenses related to the special events held or 40% of the total contribution revenue. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

NOTE N – ENDOWMENT COMPOSITION

The Organization's endowment was established in 2009 by donors to support the work of matching volunteer Big Brothers and Big Sisters with children in need. It is the intent of the donors and the Organization to accumulate donations and earnings until the fund reaches a minimum of \$25,000. The endowment fund consists 100% of donor restricted permanently restricted funds. There was an initial contribution of \$11,025 received in 2009 and there was no other activity for the fund. The endowment funds are included in the statement of financial position as cash and cash equivalents.

Interpretation of Uniform Prudent Management of Institutional Funds

The State of Florida has not enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA); however the Organization has enacted the enhanced disclosure required by Accounting Standard Codification Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the UPMIFA, and Enhanced Disclosure for All Endowment Funds. However, the Board of Directors of the Organization is requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary which is a valid interpretation of UPMIFA.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE N – ENDOWMENT COMPOSITION (continued)

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

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board or Directors, the endowment assets are invested in a manner that is according to the investment policies of the Board of Trustees. Acceptable investments under the policy are certificates of deposits, Bankers Acceptances rated A1, Domestic Corporation Commercial Paper rated A1 and/or P1 by two major rating services and all short-term securities of the U.S. Government or agency thereof.

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate donors' desires to make long-term gifts to the Organization for the general purpose of matching volunteer Big Brothers and Big Sisters with children in need.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Once the fund reaches a minimum of \$25,000, annual disbursements will be limited to 4% per year. The expenditures from this fund will be made in a manner consistent with the Organization's policies and procedures. Annual disbursements from the fund shall be limited to 4% per year. When annual earnings exceed 4%, the surplus shall be retained so that disbursements can continue in years where the earnings are less than 4%.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Organization's policies requires to retain as a fund of perpetual duration. If this were to occur, the Organization will not expend any monies from the fund until the fair market value of the fund returns to a level above the principal. The Organization does not have any deficiencies as of December 31, 2009.