

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

**AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2010 and 2009**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Big Brothers Big Sisters of Tampa Bay, Inc.

We have audited the accompanying statements of financial position of Big Brothers Big Sisters of Tampa Bay, Inc. (the Organization) for the year ended December 31, 2010 and 2009 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of the Organization. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 Tampa Bay, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*The NCT Group CPA's, LLP*

March 23, 2011

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

December 31, 2010

<b>ASSETS</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Current assets</b>				
Cash and cash equivalents	\$ 28,643	\$ 61,500	\$ 19,290	\$ 109,433
Accounts receivable				
Grants	147,623	-	-	147,623
Other	37,246	-	-	37,246
Contributions receivable, net	62,280	-	-	62,280
Prepaid expenses	18,553	-	-	18,553
<b>Total current assets</b>	<b>294,345</b>	<b>61,500</b>	<b>19,290</b>	<b>375,135</b>
<b>Property and equipment, net</b>	<b>56,153</b>	<b>-</b>	<b>-</b>	<b>56,153</b>
<b>Contributions receivable, net</b>	<b>-</b>	<b>221,245</b>	<b>-</b>	<b>221,245</b>
<b>Deposits</b>	<b>1,667</b>	<b>-</b>	<b>-</b>	<b>1,667</b>
<b>Total assets</b>	<b>\$ 352,165</b>	<b>\$ 282,745</b>	<b>\$ 19,290</b>	<b>\$ 654,200</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 19,258	\$ -	\$ -	\$ 19,258
Accrued expenses and other liabilities	24,358	-	-	24,358
Notes payable, current portion	29,373	-	-	29,373
Capital lease obligation, current portion	4,609	-	-	4,609
<b>Total current liabilities</b>	<b>77,598</b>	<b>-</b>	<b>-</b>	<b>77,598</b>
<b>Long-term debt</b>				
Notes payable, long-term	77,029	-	-	77,029
Capital lease obligation, long-term	8,198	-	-	8,198
<b>Total liabilities</b>	<b>162,825</b>	<b>-</b>	<b>-</b>	<b>162,825</b>
<b>Commitments</b>				
<b>Net assets</b>				
Unrestricted	189,340	-	-	189,340
Temporarily restricted	-	282,745	-	282,745
Permanently restricted	-	-	19,290	19,290
<b>Total net assets</b>	<b>189,340</b>	<b>282,745</b>	<b>19,290</b>	<b>491,375</b>
<b>Total liabilities and net assets</b>	<b>\$ 352,165</b>	<b>\$ 282,745</b>	<b>\$ 19,290</b>	<b>\$ 654,200</b>

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

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

December 31, 2009

<b>ASSETS</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Current assets</b>				
Cash and cash equivalents	\$ 38,410	\$ 46,365	\$ 11,025	\$ 95,800
Accounts receivable				
Grants	133,666	-	-	133,666
Other	36,716	-	-	36,716
Contributions receivable, net	63,354	-	-	63,354
Prepaid expenses	23,114	-	-	23,114
<b>Total current assets</b>	<b>295,260</b>	<b>46,365</b>	<b>11,025</b>	<b>352,650</b>
<b>Property and equipment, net</b>	<b>71,279</b>	<b>-</b>	<b>-</b>	<b>71,279</b>
<b>Contributions receivable, net</b>	<b>-</b>	<b>245,021</b>	<b>-</b>	<b>245,021</b>
<b>Deposits</b>	<b>1,667</b>	<b>-</b>	<b>-</b>	<b>1,667</b>
<b>Total assets</b>	<b>\$ 368,206</b>	<b>\$ 291,386</b>	<b>\$ 11,025</b>	<b>\$ 670,617</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities</b>				
Line of credit	\$ 125,000	\$ -	\$ -	\$ 125,000
Accounts payable	22,501	-	-	22,501
Accrued expenses and other liabilities	28,068	-	-	28,068
Capital lease obligation, current portion	4,024	-	-	4,024
<b>Total current liabilities</b>	<b>179,593</b>	<b>-</b>	<b>-</b>	<b>179,593</b>
<b>Long-term debt</b>				
Capital lease obligation, long-term	12,810	-	-	12,810
<b>Commitments</b>				
<b>Net assets</b>				
Unrestricted	175,803	-	-	175,803
Temporarily restricted	-	291,386	-	291,386
Permanently restricted	-	-	11,025	11,025
<b>Total net assets</b>	<b>175,803</b>	<b>291,386</b>	<b>11,025</b>	<b>478,214</b>
<b>Total liabilities and net assets</b>	<b>\$ 368,206</b>	<b>\$ 291,386</b>	<b>\$ 11,025</b>	<b>\$ 670,617</b>

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, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND OTHER REVENUE</b>				
<b>Public support</b>				
Received directly				
Contributions	\$ 378,008	\$ 102,110	\$ 8,265	\$ 488,383
Special events	527,114	-	-	527,114
Received indirectly				
United Way allocations	-	348,969	-	348,969
<b>Total public support</b>	<u>905,122</u>	<u>451,079</u>	<u>8,265</u>	<u>1,364,466</u>
<b>Other revenue</b>				
Grants	887,473	-	-	887,473
Investment income	728	-	-	728
Miscellaneous	60	-	-	60
<b>Total other revenue</b>	<u>888,261</u>	<u>-</u>	<u>-</u>	<u>888,261</u>
Net assets released from restrictions	<u>459,720</u>	<u>(459,720)</u>	<u>-</u>	<u>-</u>
<b>Total public support and other revenue</b>	<u>2,253,103</u>	<u>(8,641)</u>	<u>8,265</u>	<u>2,252,727</u>
<b>EXPENSES</b>				
<b>Program services</b>	<u>1,740,808</u>	<u>-</u>	<u>-</u>	<u>1,740,808</u>
<b>Supporting services</b>				
Management and general	144,046	-	-	144,046
Fundraising	354,712	-	-	354,712
<b>Total supporting services</b>	<u>498,758</u>	<u>-</u>	<u>-</u>	<u>498,758</u>
<b>Total expenses</b>	<u>2,239,566</u>	<u>-</u>	<u>-</u>	<u>2,239,566</u>
<b>Change in net assets</b>	13,537	(8,641)	8,265	13,161
<b>Net assets, beginning of year</b>	<u>175,803</u>	<u>291,386</u>	<u>11,025</u>	<u>478,214</u>
<b>Net assets, end of year</b>	<u>\$ 189,340</u>	<u>\$ 282,745</u>	<u>\$ 19,290</u>	<u>\$ 491,375</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

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>			
<b>PUBLIC SUPPORT AND OTHER REVENUE</b>					
<b>Public support</b>					
Received directly					
Contributions	\$ 383,578	\$ -	\$ 175,112	\$ 11,025	\$ 569,715
Special events	424,197	-	-	-	424,197
Received indirectly					
United Way allocations	-	-	353,666	-	353,666
<b>Total public support</b>	<u>807,775</u>	<u>-</u>	<u>528,778</u>	<u>11,025</u>	<u>1,347,578</u>
<b>Other revenue</b>					
Grants	1,002,051	-	-	-	1,002,051
Investment income	461	8,232	-	-	8,693
Miscellaneous	5,086	-	-	-	5,086
<b>Total other revenue</b>	<u>1,007,598</u>	<u>8,232</u>	<u>-</u>	<u>-</u>	<u>1,015,830</u>
Net assets released from restrictions	<u>529,614</u>	<u>(30,368)</u>	<u>(499,246)</u>	<u>-</u>	<u>-</u>
<b>Total public support and other revenue</b>	<u>2,344,987</u>	<u>(22,136)</u>	<u>29,532</u>	<u>11,025</u>	<u>2,363,408</u>
<b>EXPENSES</b>					
<b>Program services</b>	<u>2,006,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,661</u>
<b>Supporting services</b>					
Management and general	137,390	-	-	-	137,390
Fundraising	348,965	-	-	-	348,965
<b>Total supporting services</b>	<u>486,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,355</u>
<b>Total expenses</b>	<u>2,493,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,493,016</u>
<b>Change in net assets</b>	(148,029)	(22,136)	29,532	11,025	(129,608)
<b>Net assets, beginning of year</b>	<u>323,832</u>	<u>22,136</u>	<u>261,854</u>	<u>-</u>	<u>607,822</u>
<b>Net assets, end of year</b>	<u>\$ 175,803</u>	<u>\$ -</u>	<u>\$ 291,386</u>	<u>\$ 11,025</u>	<u>\$ 478,214</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, 2010

	Program Services	Supporting Services			Total
		Management and General	Fund Raising	Total Support	
Salaries	\$ 1,004,623	\$ 77,903	\$ 130,781	\$ 208,684	\$ 1,213,307
Employee benefits	130,018	8,050	14,383	22,433	152,451
Payroll taxes	86,206	6,724	11,033	17,757	103,963
<b>Total salaries and related expenses</b>	<b>1,220,847</b>	<b>92,677</b>	<b>156,197</b>	<b>248,874</b>	<b>1,469,721</b>
Bad debt	-	-	11,358	11,358	11,358
Conferences, conventions and meetings	8,367	3	447	450	8,817
Dues and subscriptions	29,472	357	961	1,318	30,790
Employee training	1,253	729	111	840	2,093
Fundraising	-	-	137,605	137,605	137,605
Insurance	43,836	1,899	3,684	5,583	49,419
Minor equipment and maintenance	16,873	9,377	5,300	14,677	31,550
Postage	8,458	610	1,129	1,739	10,197
Printing and publications	748	35	67	102	850
Professional fees	57,337	5,811	6,527	12,338	69,675
Program assistance	49,940	-	-	-	49,940
Payroll services and bank charges	15,566	8,081	4,187	12,268	27,834
Public relations	2,509	100	-	100	2,609
Rents	160,831	9,811	16,656	26,467	187,298
Supplies	10,280	857	853	1,710	11,990
Telephone	45,195	1,875	3,733	5,608	50,803
Transportation	35,635	1,774	1,885	3,659	39,294
Utilities	6,318	-	-	-	6,318
<b>Total expenses before depreciation and interest</b>	<b>1,713,465</b>	<b>133,996</b>	<b>350,700</b>	<b>484,696</b>	<b>2,198,161</b>
Depreciation	27,343	1,841	3,570	5,411	32,754
Interest	-	8,209	442	8,651	8,651
<b>Total expenses</b>	<b>\$ 1,740,808</b>	<b>\$ 144,046</b>	<b>\$ 354,712</b>	<b>\$ 498,758</b>	<b>\$ 2,239,566</b>

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

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

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

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

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2010 and 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2010</b>	<b>2009</b>
Change in net assets	\$ 13,161	\$ (129,608)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	32,754	35,433
Realized investment gain	-	(8,232)
Permanently restricted contributions	(8,265)	(11,025)
<b>(Increase) decrease in assets</b>		
Other accounts receivable	(530)	(7,160)
Grants receivable	(13,957)	77,209
Contributions receivable	24,850	(28,658)
Prepaid expenses	4,561	(951)
<b>Increase (decrease) in liabilities</b>		
Accounts payable	(3,243)	1,269
Accrued expenses and other liabilities	(3,710)	(8,709)
<b>Net cash from operating activities</b>	<u>45,621</u>	<u>(80,432)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	-	29,659
Purchase of property and equipment	(17,628)	(15,890)
<b>Net cash from investing activities</b>	<u>(17,628)</u>	<u>13,769</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently restricted contributions	8,265	11,025
Payments on long-term debt	(18,476)	-
Payments on capital lease obligation	(4,027)	(1,814)
Net advances (repayments) under line of credit	(122)	35,000
<b>Net cash from financing activities</b>	<u>(14,360)</u>	<u>44,211</u>
 <b>Net change in cash</b>	13,633	(22,452)
 <b>Cash and cash equivalents, beginning of year</b>	<u>95,800</u>	<u>118,252</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 109,433</u>	<u>\$ 95,800</u>
 <b>Supplemental disclosure</b>		
Interest paid in cash	<u>\$ 8,651</u>	<u>\$ 5,615</u>
 <b>Non-cash financing activities</b>		
Equipment purchased under capital lease obligation	<u>\$ -</u>	<u>\$ 18,648</u>
 Line of credit conversion to notes payable	<u>\$ 124,878</u>	<u>\$ -</u>

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

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 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 .32% for contributions received in 2010, .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, 2010 and 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 2,042 and 2,145 volunteers who each provided approximately 50 hours of mentoring care within the programs of the Organization during the years ended December 31, 2010 and 2009, respectively.

**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.

**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 years ended December 31, 2010 and 2009, the Organization did not incur any interest or penalties related to tax positions.

**Accounting for Uncertainty in Income Tax**

The Organization follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. The Organization recognized no increase in the liability for unrecognized tax benefits. The Organization has no tax position at December 2010 and 2009 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

**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.

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Assets (continued)**

The unrestricted net assets consist of operating funds available for any purpose authorized by the Board of Directors. The Organization had \$189,411 and \$175,803 in unrestricted net assets as of December 31, 2010 and 2009, respectively.

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 \$282,745 and \$291,386 in temporarily restricted net assets as of December 31, 2010 and 2009, respectively.

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, 2010 and 2009, the Organization had \$19,290 and \$11,025, respectively, 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, 2010 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2010. Management has performed this analysis through March 23, 2011.

**NOTE B – FAIR VALUE MEASUREMENTS**

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of other than quoted prices with Level 1 that are observable either directly or indirectly through corroboration with observable market data, and Level 3 inputs consist of unobservable inputs that reflect the Organization's assumptions, based on the best available information, that market participants would use in pricing the respective asset and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Organization.

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE B – FAIR VALUE MEASUREMENTS (continued)**

The carrying value of the Organization’s financial instruments not remeasured on a recurring basis approximates their value at December 31, 2010 and 2009. Such financial instruments and their estimated carrying value/fair value include:

	<u>2010</u>	<u>2009</u>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 109,433	\$ 95,800
Accounts receivable		
Grants	147,623	133,666
Other	37,246	36,716
Contributions receivable	283,525	308,375
<b>Financial liabilities</b>		
Accounts payable	\$ 19,186	\$ 22,501
Accrued expenses and other liabilities	24,358	28,068
Notes payable, current portion	29,373	-
Notes payable, long-term	77,029	-

**NOTE C – 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 D – 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:

	<u>2010</u>	<u>2009</u>
Total contributions receivable	\$ 353,652	\$ 376,128
Less allowance for uncollectible amounts	(51,787)	(51,047)
Less discount for present value	(18,340)	(16,706)
	<u>\$ 283,525</u>	<u>\$ 308,375</u>
Current receivable	\$ 62,280	\$ 63,354
Long-term receivable	221,245	245,021
	<u>\$ 283,525</u>	<u>\$ 308,375</u>

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE D – CONTRIBUTIONS RECEIVABLE (continued)**

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

	2010	2009
Due in one year or less	\$ 62,280	\$ 63,354
Due between one and five years	169,091	199,205
Due between six and ten years	52,154	45,816
	<u>\$ 283,525</u>	<u>\$ 308,375</u>

**NOTE E – PROPERTY AND EQUIPMENT**

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

	2010	2009
Furniture and equipment	\$ 323,377	\$ 305,749
Leasehold improvements	43,830	43,830
	<u>367,207</u>	<u>349,579</u>
Less accumulated depreciation	(311,054)	(278,300)
Property and equipment, net	<u>\$ 56,153</u>	<u>\$ 71,279</u>

**NOTE F – NOTE PAYABLE AND LONG-TERM DEBT**

Long-term debt consists of the following at December 31:

	2010	2009
Note payable to Wachovia Bank, due in monthly installments of \$2,900 per month, including interest at 6.40%. Final payment due May 3, 2014, collateralized by all deposit accounts with the financial institution	\$ 106,402	\$ -
Total	<u>106,402</u>	<u>-</u>
Less: Current amount due in one year	<u>(29,373)</u>	<u>-</u>
Long-term debt, less current maturities	<u>\$ 77,029</u>	<u>\$ -</u>

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE F – NOTE PAYABLE AND LONG-TERM DEBT (continued)**

Aggregate maturities required on long-term debt are due in future years as follows:

<u>Year ending December 31,</u>	
2011	\$ 29,373
2012	30,767
2013	32,795
2014	13,467
	<u>\$ 106,402</u>

**NOTE G – 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. There were no contributions to the Plan in 2010.

**NOTE H – 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>	
2011	\$ 178,698
2012	108,053
2013	15,840
	<u>\$ 302,591</u>

Rent expense for the Organization for the years ended December 31, 2010 and 2009 was \$187,298 and \$183,905, respectively.

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE I – CAPITAL LEASE OBLIGATION**

The Organization leases equipment under a capital lease with a capitalized cost of \$18,648 for December 31, 2010 and 2009. Accumulated depreciation in the statement of financial position included \$7,771 and \$3,109 for December 31, 2010 and 2009, respectively, relating to this equipment. Depreciation expense reported in the statement of activities includes \$4,662 and \$3,109 for December 31, 2010 and 2009, respectively, 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>		
2011	\$	6,075
2012		6,075
2013		<u>3,037</u>
Net minimum lease payments		15,187
Amount representing interest		<u>(2,380)</u>
Present value of net minimum lease payment	\$	<u><u>12,807</u></u>

**NOTE J – TEMPORARILY RESTRICTED NET ASSETS**

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

	2010	2009
Little Moments Big Magic	\$ 221,245	\$ 245,021
JP Morgan Sulpher Springs	35,750	31,167
Hobbs Family Foundation	10,000	10,000
Pasco Activities Fund	1,068	1,868
Conn Memorial Foundation	14,682	-
Charles Manly Memorial	-	3,330
	<u>\$ 282,745</u>	<u>\$ 291,386</u>

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
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**NOTE K – 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:

	<u>2010</u>	<u>2009</u>
United Way	\$ 348,969	\$ 353,666
Little Moments Big Magic	51,887	63,354
JP Morgan Sulpher Springs	34,417	-
Rays Sports	-	41,666
Zeno Office Solutions	-	12,500
Conn Memorial Foundation	10,317	-
Hobbs Family Foundation	10,000	10,000
Allegheny Franciscan Foundation	-	4,583
Various	4,130	13,477
	<u>\$ 459,720</u>	<u>\$ 499,246</u>

**NOTE L – RELATED PARTIES**

The Organization has a volunteer Board of Directors that are representatives of entities in various industries. During the years ended December 31, 2010 and 2009, the Organization received contributions from those related entities in the amount of \$143,913 and \$99,388, respectively. Total payments to those entities during the year ended December 31, 2010 and 2009 were \$6,569 and \$10,551, respectively. The Organization had contributions receivable in the amount of \$206,526 and \$186,650 as of December 31, 2010 and 2009, respectively, from participating Board members.

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 \$30,000 and \$33,000 for the years ended December 31, 2010 and 2009, respectively, and is included in dues and subscriptions on the statement of functional expenses.

**NOTE M – ECONOMIC DEPENDENCY**

The Organization receives a substantial amount of funding (approximately 40% and 43% during the years ended December 31, 2010 and 2009, respectively) 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 years ended December 31, 2010 and 2009) from the United Way. The availability of such funding is subject to change with little or no advance notice.

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE M – ECONOMIC DEPENDENCY (continued)**

Two annually held special events constitute approximately 74% and 77% of total special event revenue and approximately 17% and 14% of total revenue for the years ended December 31, 2010 and 2009, respectively.

**NOTE N – FUNDRAISING EXPENSE**

Total fundraising expense for the years ended December 31, 2010 and 2009 was \$354,712 and \$387,896, respectively. Fundraising expenses related to the special events held for the years ended December 31, 2010 and 2009 was 42% and 40%, respectively, 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 O – 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. The endowment funds are included in the statement of financial position as cash and cash equivalents in the amount of \$19,290 and \$11,025 as of December 31, 2010 and 2009, respectively.

**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:

- 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

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

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2010 and 2009

### **NOTE O – ENDOWMENT COMPOSITION (continued)**

#### **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, 2010 and 2009.