

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.

December 31, 2007

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Big Brothers Big Sisters of Tampa Bay, Inc. (the "Organization") for the year ended December 31, 2007 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year 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 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 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 audit provides 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, 2007, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2008 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 should be considered in assessing the results of our audit.

Tampa, Florida
May 9, 2008

Big Brothers Big Sisters of Tampa Bay, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2007
(With comparative total for 2006)

	Unrestricted		Temporarily	Total	Total
	Operating	Board Designated	Restricted		2006
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents (notes A9, A10 and G)	\$ 105,126	\$ 709	\$ 10,370	\$ 116,205	\$ 125,294
Investments (notes A4 and H)	-	33,851	-	33,851	30,928
Accounts receivable (note A3)					
Grants	213,565	-	-	213,565	219,051
Other	24,445	-	-	24,445	10,074
Contributions receivable, net (note B)	67,670	-	-	67,670	57,138
Prepaid expenses	27,708	-	-	27,708	26,992
Total current assets	438,514	34,560	10,370	483,444	469,477
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net (notes A5 and C)	83,896	-	-	83,896	57,295
CONTRIBUTIONS RECEIVABLE, net (note B)	-	-	170,373	170,373	80,930
DEPOSITS	1,667	-	-	1,667	1,667
TOTAL ASSETS	\$ 524,077	\$ 34,560	\$ 180,743	\$ 739,380	\$ 609,369
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Note payable to bank (note D)	\$ 110,000	\$ -	\$ -	\$ 110,000	\$ -
Accounts payable	13,915	-	-	13,915	12,070
Accrued expenses and other liabilities	32,863	-	-	32,863	16,683
Total current liabilities	156,778	-	-	156,778	28,753
COMMITMENTS (note G)	-	-	-	-	-
NET ASSETS					
Unrestricted (notes A2 and H)	367,299	34,560	-	401,859	484,988
Temporarily restricted (note A2)	-	-	180,743	180,743	95,628
	367,299	34,560	180,743	582,602	580,616
TOTAL LIABILITIES AND NET ASSETS	\$ 524,077	\$ 34,560	\$ 180,743	\$ 739,380	\$ 609,369

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of Tampa Bay, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2007
(With comparative total for 2006)

	Unrestricted		Temporarily Restricted	Total	Total 2006
	Operating	Board Designated			
PUBLIC SUPPORT AND REVENUE					
Public support					
Received directly					
Contributions	\$ 536,598	\$ -	\$ 146,809	\$ 683,407	\$ 529,556
Special events (note J)	430,272	-	-	430,272	491,048
Received indirectly					
United Way allocations (note J)	-	-	388,548	388,548	414,319
Total public support	<u>966,870</u>	<u>-</u>	<u>535,357</u>	<u>1,502,227</u>	<u>1,434,923</u>
Other revenue					
Grants from governmental agencies (note I)	1,166,529	-	-	1,166,529	858,886
Investment income (note A4)	4,072	-	-	4,072	11,467
Miscellaneous	5,288	-	-	5,288	4,167
Total other revenue	<u>1,175,889</u>	<u>-</u>	<u>-</u>	<u>1,175,889</u>	<u>874,520</u>
Net assets released from restrictions	<u>447,319</u>	<u>2,923</u>	<u>(450,242)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,590,078</u>	<u>2,923</u>	<u>85,115</u>	<u>2,678,116</u>	<u>2,309,443</u>
EXPENSES					
Program services	<u>2,148,437</u>	<u>-</u>	<u>-</u>	<u>2,148,437</u>	<u>1,765,759</u>
Supporting services					
Management and general	200,064	-	-	200,064	168,812
Fundraising	327,629	-	-	327,629	374,255
Total supporting services	<u>527,693</u>	<u>-</u>	<u>-</u>	<u>527,693</u>	<u>543,067</u>
Total expenses	<u>2,676,130</u>	<u>-</u>	<u>-</u>	<u>2,676,130</u>	<u>2,308,826</u>
Change in net assets	(86,052)	2,923	85,115	1,986	617
Net assets at beginning of year	<u>453,351</u>	<u>31,637</u>	<u>95,628</u>	<u>580,616</u>	<u>579,999</u>
Net assets at end of year	<u>\$ 367,299</u>	<u>\$ 34,560</u>	<u>\$ 180,743</u>	<u>\$ 582,602</u>	<u>\$ 580,616</u>

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of Tampa Bay, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2007

Cash flows from operating activities	<u>\$ 1,986</u>
Change in net assets	
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	30,883
Unrealized investment appreciation	(2,923)
Increase in accounts receivable	(14,371)
Decrease in grants receivable	5,486
Increase in pledges receivable	(99,973)
Increase in prepaid expenses and other assets	(718)
Increase in accounts payable	1,845
Increase in accrued expenses	<u>16,179</u>
Total adjustments	<u>(63,592)</u>
Net cash used by operating activities	<u>(61,606)</u>
Cash flows from investing activities	
Purchase of furniture, equipment and leasehold improvements	<u>(57,483)</u>
Cash flows from financing activities	
Proceeds from line of credit	<u>110,000</u>
Net decrease in cash and cash equivalents	(9,089)
Cash and cash equivalents at December 31, 2006	<u>125,294</u>
Cash and cash equivalents at December 31, 2007	<u><u>\$ 116,205</u></u>

The accompanying notes are an integral part of this statement.

Big Brothers Big Sisters of Tampa Bay, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2007
(With comparative total for 2006)

	Supporting Services				Total 2007	Total 2006
	Program Services	Management and General	Fund Raising	Total Support		
Salaries	\$ 1,306,969	\$ 112,187	\$ 133,026	\$ 245,213	\$ 1,552,182	\$ 1,352,432
Employee benefits	151,251	4,086	6,281	10,367	161,618	128,994
Payroll taxes	92,406	5,268	8,940	14,208	106,614	86,514
Total salaries and related expenses	<u>1,550,626</u>	<u>121,541</u>	<u>148,247</u>	<u>269,788</u>	<u>1,820,414</u>	<u>1,567,940</u>
Conferences, conventions and meetings	22,373	692	-	692	23,065	16,758
Dues and subscriptions	24,320	6,080	-	6,080	30,400	28,980
Employee training	3,017	862	431	1,293	4,310	5,202
Fundraising	1,001	-	147,859	147,859	148,860	148,919
Insurance	33,373	22,249	-	22,249	55,622	57,141
Minor equipment and maintenance	23,540	19,628	-	19,628	43,168	28,557
Postage	10,719	964	3,003	3,967	14,686	12,182
Printing and publications	6,884	484	1,198	1,682	8,566	9,501
Professional fees	34,111	2,011	2,785	4,796	38,907	33,233
Program assistance	62,591	-	-	-	62,591	67,687
Payroll service and bank charges	33,976	7,916	2,225	10,141	44,117	35,491
Public relations	79,769	2,467	-	2,467	82,236	1,228
Rents	129,880	10,331	7,379	17,710	147,590	170,884
Supplies	16,274	1,579	3,923	5,502	21,776	17,351
Telephone	28,513	1,071	3,561	4,632	33,145	29,787
Transportation	52,830	-	2,701	2,701	55,531	41,239
Utilities	7,756	-	-	-	7,756	7,200
Total expenses before depreciation and interest	<u>2,121,553</u>	<u>197,875</u>	<u>323,312</u>	<u>521,187</u>	<u>2,642,740</u>	<u>2,279,280</u>
Depreciation	24,953	1,738	4,192	5,930	30,883	29,546
Interest	1,931	451	125	576	2,507	-
Total expenses	<u>\$ 2,148,437</u>	<u>\$ 200,064</u>	<u>\$ 327,629</u>	<u>\$ 527,693</u>	<u>\$ 2,676,130</u>	<u>\$ 2,308,826</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, 2007

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description 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.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying financial statements have been prepared in accordance with the principles of accounting that are generally accepted for nonprofit organizations. 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, including restricted contributions whose restrictions are met in the same reporting period. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors and are presented as board designated net assets in the financial statements (note G).

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Big Brothers Big Sisters of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Accounts Receivable

Accounts receivable represent amounts owed to the Organization for various fundraising events and support from various federal, state and local grants. The Organization considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful amounts is required.

4. Investments

Investments consist of stock and bond mutual funds and are recorded at fair market values. Unrealized appreciation of investments approximated \$3,000 for the year ended December 31, 2007, and is included in investment income in the accompanying Statement of Activities.

5. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are recorded at either cost or fair market value at the date of receipt of donation. The Organization capitalizes asset acquisitions that exceed \$500.

6. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis. The estimated useful lives range from five to ten years.

7. 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 2,300 volunteers who each provided approximately 50 hours of mentoring care within the programs of the Organization during the year ended December 31, 2007.

8. Allocation of Functional Expenses

Certain expenses are allocated on the basis of employee time involved. Other expenses that benefit multiple functions are allocated on their respective allocable bases. Expenses incurred for benefiting a single function are reported directly into the appropriate function.

Big Brothers Big Sisters of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Cash Equivalents

Cash equivalents consist of highly liquid short-term money market instruments with a maturity of three months or less when purchased. Cash equivalents approximated \$709 at December 31, 2007.

10. Concentrations of Credit Risk

Cash balances are maintained in two financial institutions. Occasionally, deposits exceed amounts insured by the Federal Deposit Insurance Corporation. Accordingly, the Organization places its cash with banks it considers to be high credit quality financial institutions.

11. SFAS No. 116 and 117

The Organization follows the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations*.

Statement of Financial Accounting Standards No. 116 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values.

Statement No. 117 establishes standards for general-purpose external financial statement of not-for-profit organizations and requires a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows.

12. Comparative Information

The financial statements include certain prior period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Big Brothers Big Sisters of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE B - 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, 2007:

Total contributions receivable	\$ 313,975
Less allowance for uncollectible amounts	(51,040)
Less discount for present value (3%)	<u>(24,892)</u>
	<u>\$ 238,043</u>
Current receivable	\$ 67,670
Long term receivable	<u>170,373</u>
	<u>\$ 238,043</u>

Anticipated collection periods of contributions receivable at December 31, 2007 are summarized as follows:

Due within one year	\$ 78,709
Due within two to five years	171,166
Due within six to ten years	<u>64,100</u>
	<u>\$ 313,975</u>

NOTE C - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

A summary of furniture, equipment and leasehold improvements at December 31, 2007 is as follows:

Leasehold improvements	\$ 60,807
Office furniture and equipment	<u>310,164</u>
	370,971
Less accumulated depreciation	<u>(287,075)</u>
	<u>\$ 83,896</u>

NOTE D – NOTE PAYABLE TO BANK

The Organization maintains a \$125,000 line of credit with a financial institution. Interest on outstanding balances is due monthly at prime (7.25% at December 31, 2007) less .5%. The line of credit is unsecured and is due on demand. At December 31, 2007 there was \$110,000 outstanding under this agreement.

Big Brothers Big Sisters of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE E - 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 approximately \$11,200 for the year ended December 31, 2007.

NOTE F - INCOME TAX STATUS

The Organization has received a determination of tax exempt status under Section 501 (c) (3) of the United States Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

NOTE G - COMMITMENTS

The Organization conducts its operations in leased facilities and also leases certain equipment. All leases are classified as operating leases.

The following is a schedule of approximate minimum lease payments under such operating leases that expire at various dates through 2012:

<u>Year ending December 31,</u>	
2008	\$ 167,000
2009	143,000
2010	109,000
2011	95,000
2012	<u>39,500</u>
	<u>\$ 553,500</u>

Rent expense for the Organization for the year ended December 31, 2007 was approximately \$147,000.

NOTE H - DESIGNATED FUNDS

The Organization's Board of Directors has designated a portion of its unrestricted net assets for future capital and investment purposes. Designated unrestricted net assets totaled \$34,560 at December 31, 2007.

Big Brothers Big Sisters of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE I - 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 \$30,000 for the year ended December 31, 2007 and is included in dues and subscriptions on the Statement of Functional Expenses.

NOTE J - ECONOMIC DEPENDENCY

The Organization receives a substantial amount of funding (approximately 43% during the year ended December 31, 2007) 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 14% during the year ended December 31, 2007) 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 80% of total special event revenue and approximately 12% of total revenue for the year ended December 31, 2007.

INDEPENDENT AUDITORS' 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*

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.

December 31, 2007

Compliance and Other Matters

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

This report is intended for the information and use of the Board of Directors, management, and applicable city, county, state and federal agencies. However, this report is a matter of public record and its distribution is not limited.

Bucio, Jordanier & Company, P.A.

Tampa, Florida
May 9, 2008