



Big Brothers Big Sisters
of Tampa Bay

*Serving Hillsborough, Pinellas, Polk, Pasco,
Citrus, Hernando and Sumter Counties*

January 27, 2017

Re: 2016 Financial Audit and IRS Form 990 for Big Brothers Big Sisters of Tampa Bay -- Fiscal Year-End Change Resulting in Eight Month Period of Time

Dear Sir/Madam:

Please find attached a copy of our 2016 Financial Audit and/or our recently filed IRS 990 Form, for our Big Brothers Big Sisters of Tampa Bay agency.

As noted in both documents, this audit is for the eight month period from January 1, 2016 through August 31, 2016 reflecting a fiscal year change from a calendar year-end to September 1 through August 31 each year.

The reason for this change is so we can more effectively manage performance by aligning our fiscal year with the cycle of our operations. Our largest fundraisers of the year occur from September 1 through December 31 each year, which will now also be the first four months of our fiscal year. If for some reason we experience a shortfall in funding expectations during these four months, we will now be better positioned to modify our expenses accordingly during the final eight months of the fiscal year.

As expected, we had a decrease in net assets totalling \$472,000 for this short eight-month period ending August 31, which was slightly ahead of budget. We do want to point out, however, that for the 12 month period ending December 31 we did see an overall increase in net assets for our agency of approximately \$369,000 based on total revenue of \$5,474,395. While these last four months of 2016 won't be audited until the end of the current fiscal year, they do provide an indication of the good financial health of our Big Brothers Big Sisters of Tampa Bay agency.

Please feel free to contact us if you have any questions or comments about any of the information provided in this letter, or about Big Brothers Big Sister of Tampa Bay.

Very truly yours,

Vince Pavese
Board Chair

Stephen A. Koch
President & CEO

MISSION

To provide children facing adversity with strong and enduring, 1 to 1 professionally supported relationships that will change their lives for the better, forever.

VISION

All children achieve success in life.

OFFICES

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BBBSTampaBay.org

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

Financial Statements

For the Eight-Month Period
Ended August 31, 2016

And

Reports of Independent
Certified Public Accountants



BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
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PDR Certified Public Accountants, Inc.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Big Brothers Big Sisters of Tampa Bay, Inc. (the Organization), which comprise the statement of financial position as of August 31, 2016, and the related statements of activities, functional expenses, and cash flows for the eight-month period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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 August 31, 2016, and the changes in its net assets and its cash flows for the eight-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Change in Accounting Period

This eight month period under audit represents a shortened period, as the Organization is transitioning from a December 31 year-end to an August 31 fiscal year-end, in order to better align with their business cycle with revenue and programmatic activities. As a result, the Organization budgeted for a deficit for the eight-month period ended August 31, 2016. The actual performance for this new fiscal year-end is slightly ahead of the budgeted decrease in net assets.

PDR Certified Public Accountants

Clearwater, Florida
November 30, 2016

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016

ASSETS

Cash	\$ 888,858
Restricted cash	10,571
Grants receivable	258,335
Unconditional promises to give, net	205,438
Other receivables	42,488
Beneficial interest in a perpetual trust - CFTB	230,487
Beneficial interest in a perpetual trust - PCCF	10,000
Property and equipment, net	392,768
Other assets	72,809
Intangible assets, net	<u>2,335</u>
Total Assets	<u><u>\$ 2,114,089</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 45,520
Deferred revenue	223,515
Mortgage payable	<u>158,252</u>
Total liabilities	427,287

Net Assets

Unrestricted	910,289
Temporarily restricted	536,026
Permanently restricted	<u>240,487</u>
Total net assets	<u>1,686,802</u>

Total Liabilities and Net Assets	<u><u>\$ 2,114,089</u></u>
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See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF ACTIVITIES
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Public Support:				
United Way	\$ 325,310	\$ -	\$ -	\$ 325,310
Government support	1,366,438	-	-	1,366,438
Scholarship revenue	-	1,000	-	1,000
Contributions	1,053,915	292,242	2,125	1,348,282
Special events, net of direct costs of \$97,922	535,920	-	-	535,920
Foundations and grants	217,593	-	-	217,593
Wills and bequests	801	-	-	801
Investment income	1,148	9	13,844	15,001
Net assets released from restriction	193,000	(188,910)	(4,090)	-
Total public support and revenue	3,694,125	104,341	11,879	3,810,345
Expenses				
Program services	3,564,308	-	-	3,564,308
Supporting services:				
Management and general	177,702	-	-	177,702
Fundraising	540,730	-	-	540,730
Total program and supporting services	4,282,740	-	-	4,282,740
Change in Net Assets Before Other Changes	(588,615)	104,341	11,879	(472,395)
Other Changes - Revenue (Expense)				
Other income	4,249	-	-	4,249
Loss on asset disposal	(4,149)	-	-	(4,149)
Total other changes	100	-	-	100
Change in Net Assets	(588,515)	104,341	11,879	(472,295)
Net Assets at Beginning of Year	1,498,804	431,685	228,608	2,159,097
Net Assets at End of Year	\$ 910,289	\$ 536,026	\$ 240,487	\$ 1,686,802

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2016

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 1,716,357	\$ 124,074	\$ 227,469	\$ 351,543	\$ 2,067,900
Employee benefits	168,231	12,161	22,296	34,457	202,688
Payroll taxes	123,973	8,962	16,430	25,392	149,365
Total salaries and related expenses	2,008,561	145,197	266,195	411,392	2,419,953
In-kind advertising	933,015	-	164,650	164,650	1,097,665
In-kind program	110,566	-	-	-	110,566
Professional fees	61,397	4,438	8,137	12,575	73,972
Rent	69,100	4,995	9,158	14,153	83,253
Volunteer evaluations	61,007	-	-	-	61,007
Office	43,010	3,109	5,700	8,809	51,819
Insurance	51,559	3,727	6,833	10,560	62,119
Dues	38,033	2,749	5,041	7,790	45,823
Telephone	46,788	3,382	6,201	9,583	56,371
Bad debt	-	-	50,292	50,292	50,292
Printing	31,586	2,283	4,187	6,470	38,056
Agency activities	24,395	1,764	3,233	4,997	29,392
Miscellaneous	17,314	1,252	2,294	3,546	20,860
Utilities	7,437	538	985	1,523	8,960
Postage	6,175	446	819	1,265	7,440
Conferences and conventions	17,718	1,281	2,348	3,629	21,347
Mortgage interest	3,691	267	489	756	4,447
Scholarship awards	1,500	-	-	-	1,500
Maintenance	2,213	160	293	453	2,666
Total expenses before depreciation	1,526,504	30,391	270,660	301,051	1,827,555
	3,535,065	175,588	536,855	712,443	4,247,508
Depreciation and amortization	29,243	2,114	3,875	5,989	35,232
	\$ 3,564,308	\$ 177,702	\$ 540,730	\$ 718,432	\$ 4,282,740

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
STATEMENT OF CASH FLOWS
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2016

Cash Flows from Operating Activities:	
Change in net assets	\$ (472,295)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	35,232
Loss on asset disposal	4,149
(Increase) decrease in:	
Grants receivable	(83,417)
Unconditional promises to give	99,114
Other receivables	98,118
Beneficial interest in a perpetual trusts	(11,879)
Other assets	(12,540)
Increase (decrease) in:	
Accounts payable and accrued expenses	(82,895)
Deferred revenue	<u>217,165</u>
Net cash used in operating activities	(209,248)
Cash Flows from Investing Activities:	
Cash paid for purchase of property and equipment	(62,560)
Cash Flows from Financing Activities:	
Principal payments on mortgage payable	<u>(10,174)</u>
Net Decrease in Cash	(281,982)
Cash at Beginning of Period (including restricted cash of \$7,740 at December 31, 2015)	<u>1,181,411</u>
Cash at End of Period (including restricted cash of \$10,571 at August 31, 2016)	<u><u>\$ 899,429</u></u>
Supplemental Disclosures of Cash Flow Information:	
Cash paid during the period for interest	<u><u>\$ 4,447</u></u>

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE A - NATURE OF ORGANIZATION

Big Brothers Big Sisters of Tampa Bay, Inc. (the Organization) is a not-for-profit organization whose mission is to provide children facing adversity with strong and enduring, professionally supported 1-to-1 relationships that change their lives for the better, forever. With a focus on educational success and avoidance of risky behaviors, the Organization provides services in Hillsborough, Pinellas, Polk, Pasco, Hernando, Citrus, and Sumter Counties. The Organization uses a case management approach to service delivery. The primary providers of direct services are volunteers who serve as mentors through match relationships within community or school-based program components. The Organization thoroughly screens volunteers who make a commitment in order to assure a regular, consistent relationship for the child. Professional staff monitors the service delivery and tracks both the progression of the match relationship and each client and volunteer on a case-by-case basis. Professional staff assists participants in developing and maintaining positive and beneficial mentoring relationships.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Organization presents information regarding its financial position and activities according to three classes of net assets described as follows:

- Unrestricted Net Assets - All resources over which the governing board has discretionary control. The governing board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.
- Temporarily Restricted Net Assets - Resources accumulated through donations or grants for specific operating or capital purpose. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.
- Permanently Restricted Net Assets - Resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. These net assets include the original value of the gift, plus any subsequent additions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements include allocation of expenses by function, useful lives of depreciable assets, fair value of certain investment assets, and allowance for uncollectable pledges.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurement

The financial statements are prepared in accordance with an accounting standard, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Cash and Restricted Cash

Cash consists of cash on deposit with financial institutions and petty cash funds. The Organization considers all highly liquid investments with an initial maturity of three months or less as cash. The Organization maintains a separate cash account for the temporarily restricted scholarship funds. This temporarily restricted cash account totaled \$10,571 at August 31, 2016.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the eight-month period ended August 31, 2016, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional promises to give which are due in more than one year are recorded at estimated fair value by discounting future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected contribution collection period. The Organization uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior years' experience and management's analysis of specific promises made. As of August 31, 2016, the Organization recorded an allowance of approximately \$54,000.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beneficial Interest in a Perpetual Trust

In accordance with guidance related to accounting for contributions held by an organization for the benefit of another organization, which states that organizations that transfer assets to other not-for-profit agencies who specify themselves or their affiliates as the beneficiaries, and has not granted variance power, are not considered expenses and are recorded as a beneficial interest in assets held by others in the statement of financial position at fair value.

Property and Equipment

Property and equipment are recorded at acquisition cost, including costs necessary to prepare the asset for its intended use, or, if donated, at estimated fair value at the date of donation. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the assets ranging from three to thirty-nine years.

Maintenance and repairs are charged to expense as incurred, while renewals and betterments in excess of \$500 are capitalized.

Intangible Assets

Loan costs related to the refinance of a mortgage are being amortized on a straight-line basis over the term of the loan.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 restriction. Donor-restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Federal, state and local government and other grants are recognized as support when performance occurs pursuant to the contract agreement.

Noncash Contributions

Donated materials are recorded as support at their fair value at the date of donation. Contributions of services are recorded as support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the eight-month period ended August 31, 2016, the value of contributed services meeting the requirements for recognition in the financial statements has been recorded as unrestricted support. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services under the financial accounting standards.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Revenue

Deferred revenue recorded in the statement of financial position consists of sponsorships and donations collected prior to period-end that relate to special events scheduled to take place in the subsequent year.

Functional Classification of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses.

Program and supporting expenses, when specifically identifiable, are classified to the function which incurred the expense. All other expenses are allocated among program, management and general, and fundraising based upon the amount of employee time involved. The percentage is as follows for the eight-month period ended August 31, 2016:

Program services	83%
Management and general	6%
Fundraising	<u>11%</u>
	<u><u>100%</u></u>

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain Tax Positions

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal returns are generally open for examination for three years following the date filed.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at August 31, 2016:

Gross unconditional promises to give	\$	268,379
Less: Unamortized discount		(9,265)
Less: Allowance for doubtful accounts		(53,676)
		(53,676)
 Net unconditional promises to give	 \$	 205,438
		 205,438
 Amounts due in:		
Less than one year	\$	90,038
One to five years		166,501
Thereafter		11,840
		11,840
	\$	268,379
		268,379

As of August 31, 2016, approximately \$50,000 was deemed uncollectible and written off to bad debt expense.

NOTE D - BENEFICIAL INTEREST IN A PERPETUAL TRUST

The Organization receives income from certain endowment funds that are neither in the Organization's possession nor under its control. These external endowment assets are held in perpetuity and are invested and managed by outside trustees in accordance with trust agreements as directed by the donors.

In 2002, the Organization established an endowment account with the Pinellas County Community Foundation (PCCF) in the amount of \$10,000. In 2009, the Organization established the Charles Manly endowment account with the Community Foundation of Tampa Bay (CFTB). It is the intent of the donors and the Organization to accumulate donations and earnings until the fund reaches a balance of \$25,000. Although the Organization does not have the right to receive the endowment assets per the Trust Agreement, the contribution to the endowment fund is considered an asset of the Organization as it has been named beneficiary. Earnings on the endowment funds are periodically distributed to the Organization in accordance with the trust agreement.

In 2013, the Organization established a scholarship endowment account with the Community Foundation of Tampa Bay. The Organization utilized CFTB's Leave a Challenge Grant Program (the Grant Program) which incorporates a one-to-three match. The Organization had a goal of raising \$50,000 with \$37,500 to be raised by the Organization and \$12,500 to be awarded through the Grant Program. In January 2014 the Organization was awarded the challenge grant by CFTB. Although the Organization does not have the right to receive the endowment assets per the Trust Agreement, the contribution to the endowment fund is considered an asset of the Organization as it has been named beneficiary. Earnings on the endowment funds are distributed to the Organization semi-annually at a distribution rate between 3.5% - 5.5% of the fund's balance as of December 31st of the year preceding the distribution. For 2016, the spending policy is 4% of the December 31, 2015 endowment account balance.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE E - FAIR VALUE MEASUREMENT

The Organization's investments are reported at fair value in the accompanying statement of financial position. Following is a description of valuation methodologies used for investments measured at fair value.

Beneficial interest in a perpetual trust - The investments are managed by a third party which is unrelated to this organization. The trust assets are valued based upon the third party information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values.

Fair values of assets measured on a recurring basis at August 31, 2016 are as follows:

Fair Value Measurements at Reporting Date Using				
Description	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Investments:				
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 240,487	\$ 240,487

The following is a summary of changes in the fair value of the Organization's Level 3 assets for the eight-month period ended August 31, 2016:

Balance, January 1	\$ 228,608
Contributions	2,125
Released from restriction	(4,090)
Investment income	13,844
	\$ 240,487
Balance, August 31	\$ 240,487

**BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016**

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2016:

Building and improvements	\$ 429,031
Land	44,000
Office equipment	318,737
Leasehold improvements	43,830
	835,598
Less accumulated depreciation	(442,830)
	\$ 392,768

NOTE G - INTANGIBLE ASSETS

Intangible assets consist of the following at August 31, 2016:

Loan costs	\$ 2,695
Accumulated amortization	(360)
	2,335
Intangible assets, net	\$ 2,335

Aggregate amortization expense is estimated as follows:

Years Ending August 31,	Amount
2017	\$ 270
2018	270
2019	270
2020	270
2021	270
Thereafter	985
	\$ 2,335

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE H - LINE- OF-CREDIT

The Organization had a \$400,000 revolving line-of-credit available at a financial institution at August 31, 2016. The interest rate on this line-of-credit is LIBOR plus 2.875% (currently 6.375%) and has an outstanding balance of \$-0- at August 31, 2016. The unused balance on the line-of-credit at August 31, 2016 is \$400,000.

NOTE I - MORTGAGE PAYABLE

Mortgage payable consists of the following at August 31, 2016:

Mortgage payable to a bank, due in monthly installments of \$1,828 including interest at 4.0%, due May 2025, collateralized by the real estate.	\$ 158,252
Less: current maturities	<u>(16,327)</u>
Long-term mortgage payable, net	<u>\$ 141,925</u>

Future maturities are as follows:

Years Ending August 31,	Amount
2017	\$ 16,327
2018	17,001
2019	17,682
2020	18,435
2021	19,196
Thereafter	<u>69,611</u>
	<u>\$ 158,252</u>

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

Virtually all of the restrictions on net assets for the eight-month period ended August 31, 2016 are related to funds received from private foundations, corporate donors, grants, and time restricted multi-year pledges. Certain of the use-restricted funds are restricted for the purpose of match events and activities.

At August 31, 2016, net assets were temporarily restricted for the following purposes:

Time-restricted	\$	259,115
Use restricted:		
Scholarship Fund		10,571
Hobbs Family Foundation		8,066
Bucket List		15,000
Wells Fargo		11,715
Triad Foundation		6,147
Special events - deferred revenue		223,515
National Air Traffic Controller		1,422
Other		475
		<hr/>
	\$	<u>536,026</u>

Net assets released from restrictions amounted to \$188,910 for the eight-month period ended August 31, 2016.

NOTE K - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at August 31, 2016 consist of a beneficial interest in a perpetual trust with PCCF for \$10,000 at August 31, 2016. The income from this trust is expendable in an unrestricted manner. The Organization also has a beneficial interest in a perpetual trust with CFTB for \$230,487, at August 31, 2016. The earnings from this trust are accumulated in the trust account and distributions to the Organization are based on an approved spending policy of CFTB to be expended for scholarships (see **NOTE D**).

NOTE L - CONTRIBUTED SERVICES AND MATERIALS

During the eight-month period ended August 31, 2016, approximately \$1,215,000 of services and materials were donated to the Organization and reported as unrestricted support. These contributions included donated advertising, tickets for match activities, and donated event auction items.

NOTE M - COMMITMENTS AND CONTINGENCIES

The Organization leases certain equipment under various operating leases. The terms of these leases range from 48 months to 62 months. The total expense paid during the eight-month period ended August 31, 2016 related to these leases was approximately \$129,000.

BIG BROTHERS BIG SISTERS OF TAMPA BAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE M - COMMITMENTS AND CONTINGENCIES - CONTINUED

Based on the terms of the agreements, minimum payments due on all leases are as follows:

Years Ending August 31,	Amount
2017	\$ 156,673
2018	46,811
2019	45,796
2020	6,103
2021	2,495
	\$ 257,878

NOTE N - RETIREMENT PLAN

The Organization has a 401k plan to which it may match a portion of eligible employee contributions. The Organization is not required to make a contribution in any given year. Contributions made during the eight-month period ended August 31, 2016 were \$6,100.

NOTE O - CONCENTRATION OF RISK

The Organization receives a substantial amount of support from grantor agencies for its programs. Approximately 45% of public support revenue for the eight-month period ended August 31, 2016 came from two providers, consisting of \$325,310 from the United Way and \$1,366,438 from government support. If this support were to be reduced or eliminated, it could affect the operation of the supported programs. In addition, the Organization is subject to audit examination by grantor agencies. In the event that reimbursed expenditures were disallowed, repayments would be required.

NOTE P - RELATED PARTY

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 \$19,500 for the eight-month period ended August 31, 2016, and is included in dues expense on the statement of functional expenses.

NOTE Q - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 30, 2016, the date the financial statements were available and issued. The Organization is not aware of any subsequent events which would require recognition or disclosures in the financial statements.