

**BIG BROTHERS BIG SISTERS
SOUTHEASTERN PENNSYLVANIA**

Financial Statements and Supplementary Information

*WITH REPORTING REQUIREMENTS FOR
OMB CIRCULAR A-133*

Years Ended June 30, 2010 and 2009



BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA

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Independent Auditors' Report

Board of Directors
Big Brothers Big Sisters Southeastern Pennsylvania
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA as of June 30, 2010 and the related statements of activities and changes in net assets, of functional expenses and of cash flows for the year then ended. These financial statements are the responsibility of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2009 financial statements were audited by Amper, Politziner & Mattia, LLP, whose practice was combined with the practice of Eisner LLP to form EisnerAmper LLP as of August 16, 2010 and whose report dated October 5, 2009, expressed an unqualified opinion on those statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 2010 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the 2010 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 2010 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA as of June 30, 2010 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 September 24, 2010, on our consideration of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA'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 the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic 2010 financial statements of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 2010 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 2010 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 2010 financial statements taken as a whole.

The accompanying schedule of outcomes is presented for the purposes of additional analysis and is not part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or any other form of assurance on the schedule of outcomes.

The image shows a handwritten signature in black ink that reads "EisnerAmper LLP". The signature is written in a cursive, flowing style.

September 24, 2010
Jenkintown, Pennsylvania

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
STATEMENTS OF FINANCIAL POSITION

	June 30	
ASSETS	2010	2009
Current assets		
Cash and cash equivalents	\$ 2,562,750	\$ 2,523,505
Contributions receivable	636,255	646,278
Unconditional promises to give, net of allowance of \$8,244 in 2010 and \$10,430 in 2009	114,766	149,363
Investments	1,538,760	1,408,351
Prepaid expenses	20,708	67,987
Total current assets	4,873,239	4,795,484
Property and equipment		
Land	10,000	10,000
Building and leasehold improvements	246,284	246,284
Furniture, fixtures and equipment	186,767	171,176
Vehicles	76,517	76,517
	519,568	503,977
Less accumulated depreciation	275,924	221,980
Net property and equipment	243,644	281,997
Other assets		
Contributions receivable, net of current portion	40,000	110,132
Unconditional promises to give, net of current portion	181,648	207,970
Deposits and other assets	30,944	20,724
Escrow, self insurance fund	-	45,680
Total other assets	252,592	384,506
Total Assets	\$ 5,369,475	\$ 5,461,987
LIABILITY AND NET ASSETS		
Current liability		
Accounts payable and accrued expenses	\$ 77,288	\$ 235,346
Commitments		
Net assets		
Unrestricted	4,725,501	4,469,026
Temporarily restricted	530,736	721,665
Permanently restricted	35,950	35,950
Total net assets	5,292,187	5,226,641
Total Liability and Net Assets	\$ 5,369,475	\$ 5,461,987

See notes to financial statements

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30							
	2010				2009 *			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support								
Government funding	\$ 2,273,541	\$ 28,500	\$ -	\$ 2,302,041	\$ 2,784,825	\$ 19,000	\$ -	\$ 2,803,825
Foundations, corporate and other support	1,120,008	349,700	-	1,469,708	1,168,860	420,150	-	1,589,010
Contributions and donated goods and services	770,682	315,727	-	1,086,409	594,166	401,347	-	995,513
Special events, net of direct expenses of \$117,626 in 2010 and \$129,085 in 2009	199,209	-	-	199,209	323,282	-	-	323,282
Net assets released from restrictions	701,696	(701,696)	-	-	628,998	(628,998)	-	-
Total revenues and support	5,065,136	(7,769)	-	5,057,367	5,500,131	211,499	-	5,711,630
Expenses								
Program services	3,605,928	-	-	3,605,928	3,919,357	-	-	3,919,357
Management and general	518,632	-	-	518,632	594,845	-	-	594,845
Fund-raising	889,320	183,160	-	1,072,480	937,984	138,801	-	1,076,785
Total expenses	5,013,881	183,160	-	5,197,041	5,452,187	138,801	-	5,590,988
Increase (decrease) in net assets from operations	51,255	(190,929)	-	(139,674)	47,944	72,698	-	120,642
Other nonoperating revenues (expenses)								
Net realized and unrealized gain (loss) on investments	131,475	-	-	131,475	(369,433)	-	-	(369,433)
Interest and dividend income	73,745	-	-	73,745	84,827	-	-	84,827
Loss on disposal of assets	-	-	-	-	(8,219)	-	-	(8,219)
Total other nonoperating revenues (expenses)	205,220	-	-	205,220	(292,825)	-	-	(292,825)
Changes in net assets	256,475	(190,929)	-	65,546	(244,881)	72,698	-	(172,183)
Net assets, beginning of year	4,469,026	721,665	35,950	5,226,641	4,713,907	648,967	35,950	5,398,824
Net assets, end of year	\$ 4,725,501	\$ 530,736	\$ 35,950	\$ 5,292,187	\$ 4,469,026	\$ 721,665	\$ 35,950	\$ 5,226,641

* Reclassified to conform with the current year presentation

See notes to financial statements

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2010

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fund- Raising		
Employee related expenses	\$ 2,881,035	\$ 317,070	\$ 716,344	\$ 1,033,416	\$ 3,914,450
Professional fees	42,828	92,371	46,276	138,647	181,475
Facilities expenses	326,588	35,942	81,203	117,146	443,734
Equipment and office expenses	62,494	19,410	8,798	28,209	90,703
Travel, conferences and meetings	72,740	8,005	18,086	26,092	98,832
Insurance	48,389	15,029	6,812	21,841	70,231
Marketing and fund development	46,647	14,488	6,567	21,055	67,702
Program and recruitment activities	88,039	-	-	-	88,039
Service fees	-	4,770	-	4,770	4,770
Bad debt expense	-	-	183,160	183,160	183,160
Depreciation	37,167	11,544	5,233	16,777	53,944
Total functional expenses	<u>\$ 3,605,928</u>	<u>\$ 518,632</u>	<u>\$ 1,072,480</u>	<u>\$ 1,591,112</u>	<u>\$ 5,197,040</u>

See notes to financial statements

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009 *

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fund- Raising		
Employee related expenses	\$ 3,041,682	\$ 331,597	\$ 720,506	\$ 1,052,104	\$ 4,093,785
Professional fees	114,909	138,401	29,718	168,119	283,028
Facilities expenses	326,073	35,548	77,239	112,787	438,860
Equipment and office expenses	136,649	24,845	18,544	43,389	180,038
Travel, conferences and meetings	95,886	17,434	13,012	30,446	126,332
Insurance	53,824	9,786	7,304	17,089	70,914
Marketing and fund development	4,587	20,111	62,987	83,098	87,685
Program and recruitment activities	81,830	-	-	-	81,830
Service fees	-	5,502	-	5,502	5,502
Bad debt expense	-	-	138,801	138,801	138,801
Depreciation	63,918	11,621	8,674	20,295	84,213
Total functional expenses	\$ 3,919,357	\$ 594,845	\$ 1,076,785	\$ 1,671,631	\$ 5,590,988

* Reclassified to conform with the current year presentation

See notes to financial statements

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2010	2009
Cash flows from operating activities		
Changes in net assets	\$ 65,546	\$ (172,183)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	53,944	84,213
Realized and unrealized (gain) loss on investments	(131,475)	369,433
Loss on disposal of assets	-	8,219
Stock donations	(20,020)	(15,047)
(Increase) decrease in assets		
Contributions receivable	80,155	(338,278)
Unconditional promises to give	60,919	47,926
Prepaid expenses and other assets	47,279	(32,550)
Deposits	(10,220)	(650)
Escrow, self insurance fund	45,680	15,122
Increase (decrease) in accounts payable and accrued expenses	(158,058)	150,323
Net cash provided by operating activities	33,750	116,528
Cash flows from investing activities		
Proceeds from sale of investments	826,924	1,697,623
Purchase of investments	(805,838)	(1,839,405)
Purchase of property and equipment	(15,591)	(30,000)
Net cash provided by (used in) investing activities	5,495	(171,782)
Net increase (decrease) in cash	39,245	(55,254)
Cash and cash equivalents, beginning of year	2,523,505	2,578,759
Cash and cash equivalents, end of year	\$ 2,562,750	\$ 2,523,505
 SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Contributed legal and technological services	\$ 100,074	\$ 117,770

See notes to financial statements

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

The mission of Big Brothers Big Sisters Southeastern Pennsylvania (the “Organization”) is to improve the lives of children and strengthen communities through professionally supported, one-to-one mentoring relationships.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Use of Estimates

The presentation 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 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.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly-liquid investments with an initial maturity of three months or less. The Organization places its temporary cash investments with high-credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Contributions Receivable

Contributions receivable include individual, corporate and foundation amounts. Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization records contributions at the estimated present value of the future cash flows, net of allowances to include net realizable value based upon management’s analysis of collectability. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unconditional Promises to Give

Unconditional promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets and are offset by investment expenses of \$15,528 and \$7,485 for the years ended June 30, 2010 and 2009, respectively. Upon Board approval, up to 5% of the prior year's ending investment balance can be used to offset general operating expenses and/or for budgeted program expenses. The Organization transferred \$73,951 of the investment balance during the year ended June 30, 2009, and \$-0- during the year ended June 30, 2010, with the Board's approval.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Major renewals and betterments are added to the property accounts while ordinary maintenance and repairs are expensed currently. Upon sale or retirement, the cost of the asset and related accumulated depreciation are removed from the accounts and the resultant gain or loss, if any, is included in income. Donated equipment is capitalized at the fair value as of the date of the donation.

Depreciation is provided using straight-line as well as accelerated methods over the estimated useful lives of the related assets from three to seven years. Depreciation for the years ended June 30, 2010 and 2009 was \$53,944 and \$84,213, respectively.

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets

The Organization's net assets have been grouped into the following three classes:

- ***Unrestricted Net Assets***

Unrestricted net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

- ***Temporarily Restricted Net Assets***

Temporarily restricted 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 assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

- ***Permanently Restricted Net Assets***

Permanently restricted net assets subject to donor-imposed stipulations that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes.

Functional Expenses

Expenses are charged to the program based on direct expenditures incurred. Any expenditures not directly chargeable have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

New Accounting Pronouncements

In 2009, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("ASC"), which is the sole source of authoritative accounting principles generally accepted in the United States of America to be applied by nongovernmental agencies ("U.S. GAAP"). The adoption of the FASB ASC did not impact the Organization's financial position or results of operations.

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

During the year ended June 30, 2010, the Organization adopted the provisions of FASB ASC 855, *Subsequent Events*. FASB ASC 855 sets forth general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The adoption of FASB ASC 855 did not impact the Organization's financial position or results of operations.

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosure about fair value measurements. The Organization adopted the fair value standard for its financial assets and liabilities on July 1, 2008. On July 1, 2009, the Organization adopted the fair value standard for nonfinancial assets and liabilities. The adoption of the fair value standard in the year ended June 30, 2010 did not have any impact on the Organization's financial position or results of operations.

U.S. GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their federal or state tax returns. Management has evaluated the impact of this standard (which became effective in 2009) on its financial statements and believes that there are no uncertain tax positions and the effects of adopting this standard are not material to the Organization's financial position or results of operations.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as a management and general administrative expense. There were no income tax related interest or penalties recorded for the years ended June 30, 2010 and 2009.

The federal and state exempt organization tax returns of the Organization for the years ended June 30, 2007, 2008 and 2009 are subject to examination by the Internal Revenue Service and other various taxing authorities, generally for three years after they were filed.

Subsequent Events

The Organization evaluated subsequent events through September 24, 2010, which is the date the statements of financial position were available to be issued.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not exposed to any significant credit risks on its cash accounts.

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – RECEIVABLES

Contributions receivable and unconditional promises to give as of June 30, 2010 are as follows:

<u>Year Ending June 30</u>	<u>Contributions Receivable</u>	<u>Unconditional Promises to Give</u>
2011	\$ 636,255	\$ 114,766
2012	40,000	91,755
2013	-	59,260
2014	-	35,395
2015	-	28,070
Thereafter	-	3,000
	<u>676,255</u>	<u>332,246</u>
Less discount to present value	<u>-</u>	<u>35,832</u>
	676,255	296,414
Less current portion	<u>636,255</u>	<u>114,766</u>
Noncurrent portion	<u>\$ 40,000</u>	<u>\$ 181,648</u>

Contributions receivable and unconditional promises to give, which are receivable in more than one year, are discounted at a risk-free rate of return appropriate for the expected term of the promise to give to approximate fair value.

NOTE 5 – INVESTMENTS

Investments consist of cash, equities, mutual funds, and exchange-traded products. Investments are stated at fair value as determined by the most recently traded price of each security at the statements of financial position date. All investments are valued at Level 1 input under FASB ASC 820 (see Note 6).

A summary of investments as of June 30, 2010 and 2009 is as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equities	\$ 645,826	\$ 623,800	\$ 190,683	\$ 203,178
Mutual funds	302,267	319,392	743,294	687,601
Exchange-traded products	<u>539,336</u>	<u>595,568</u>	<u>468,489</u>	<u>517,572</u>
	<u>\$ 1,487,429</u>	<u>\$ 1,538,760</u>	<u>\$ 1,402,466</u>	<u>\$ 1,408,351</u>

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INVESTMENTS (continued)

The Organization invests in various investment securities that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statements of financial position. The Board of Directors has implemented investment guidelines intended to mitigate the investments' risk. See Note 6 for investment information.

NOTE 6 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, established a single definition of fair value and a framework for measuring fair value in U.S. GAAP that is intended to result in increased consistency and comparability in fair value measurements. The standard also expanded disclosures about fair value measurements and applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value.

The valuation techniques required by the standard are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 Quoted prices for identical instruments in active markets. For the years ended June 30, 2010 and 2009, investments included cash, equities, mutual funds, and exchange-traded products. All investments were valued at Level 1 inputs for the years ended June 30, 2010 and 2009.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 Significant inputs to the valuation model are unobservable.

Management's estimate to value the Organization's Level 1 investments is based on investment valuation statements and other observable inputs.

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2010 and 2009 are as follows:

	2010			
	Balance, June 30, 2009	Grants Received	Expenses and Transfers	Balance, June 30, 2010
Time restricted				
Raising more money	\$ 218,537	\$ 51,947	\$ 218,537	\$ 51,947
Individual giving	44,009	80,620	44,009	80,620
Purpose restricted				
Scholarships	19,969	-	-	19,969
Purpose and time restricted				
Community Program Services				
PEW Charitable Trust	-	115,000	-	115,000
Big Brothers Big Sisters of America	44,000	7,500	44,000	7,500
The William Penn Foundation	198,550	97,900	198,550	97,900
United Way - SEPA	13,600	-	13,600	-
United Way - Chester County	45,000	39,300	45,000	39,300
United Way - North Penn County of Montgomery	14,000	-	14,000	-
County of Montgomery	19,000	28,500	19,000	28,500
Exelon	45,000	-	45,000	-
SunGard	-	30,000	-	30,000
Urban Outfitters	60,000	60,000	60,000	60,000
	<u>\$ 721,665</u>	<u>\$ 510,767</u>	<u>\$ 701,696</u>	<u>\$ 530,736</u>

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS (continued)

	2009			Balance, June 30, 2009
	Balance, June 30, 2008	Grants Received	Expenses and Transfers	
Time restricted				
Raising more money	\$ 445,344	\$ 357,338	\$ 584,145	\$ 218,537
Individual giving	-	44,009	-	44,009
Purpose restricted				
Scholarships	19,969	-	-	19,969
Purpose and time restricted				
Community Program Services				
PEW Charitable Trust	65,000	-	65,000	-
Big Brothers Big Sisters of America	14,554	44,000	14,554	44,000
The William Penn Foundation	-	198,550	-	198,550
Claniel Foundation	10,000	-	10,000	-
United Way - SEPA	20,100	13,600	20,100	13,600
United Way - Chester County	60,000	45,000	60,000	45,000
United Way - North Penn County of Montgomery	14,000	14,000	14,000	14,000
Exelon	-	19,000	-	19,000
Urban Outfitters	-	45,000	-	45,000
	-	60,000	-	60,000
	<u>\$ 648,967</u>	<u>\$ 840,497</u>	<u>\$ 767,799</u>	<u>\$ 721,665</u>

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

Big Brothers Big Sisters Southeastern Pennsylvania gained permanently restricted net assets in the amount of \$35,950 as a result of the merger with Montgomery County Big Brothers Big Sisters Association, Inc. The interest earned on these permanently restricted net assets can be used for general operations.

NOTE 9 – MAJOR REVENUE SOURCES

A substantial portion of Big Brothers Big Sisters Southeastern Pennsylvania revenue is from grants from the U.S. Department of Education, Commonwealth of Pennsylvania, county and local governments and contracts from various sources. In the event these grants and contracts were discontinued or severely restricted, the activities of Big Brothers Big Sisters Southeastern Pennsylvania would be curtailed accordingly.

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – CONTRIBUTED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services recognized were \$100,074 and \$117,770 for the years ended June 30, 2010 and 2009, respectively.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not recorded in these statements since they did not meet the criteria to be recorded under accounting principles generally accepted in the United States of America. However, the very existence of the Organization is dependent upon such unpaid volunteer services.

NOTE 11 – FEDERAL AND STATE INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. During the year ended June 30, 2010 and 2009, the Organization had no unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

NOTE 12 – LEASE OBLIGATIONS

Big Brothers Big Sisters Southeastern Pennsylvania leases its facilities under operating leases. Rental expense for the years ended June 30, 2010 and 2009 was \$245,034 and \$238,706, respectively. Scheduled future minimum lease payments for leases with terms in excess of one year are as follows:

<u>Year Ending June 30</u>	
2011	\$ 215,465
2012	195,856
2013	195,644
2014	174,076
2015	176,343
Thereafter	<u>139,436</u>
	<u>\$ 1,096,820</u>

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – RETIREMENT PLAN

The Organization has a 403(b) defined contribution retirement plan that covers all eligible employees. Employees may contribute to a voluntary tax deferred annuity program up to the amount allowed by the Internal Revenue Code. The Organization contributes 1% of compensation for all eligible employees, in addition to a 50% match of employee contributions up to 2% of compensation. The Organization contributed \$61,855 in 2010 and \$96,001 in 2009, net of fees.

NOTE 14 – SELF INSURED UNEMPLOYMENT TRUST

The Organization funds its own unemployment claims through a third-party insurance provider. Quarterly contributions are made based upon the Organization's payroll and all claims are paid from the escrowed fund balance. The escrow fund balance as of June 30, 2010 represents a liability for claims paid out on behalf of the Organization in excess of premiums paid. This liability was \$8,701 as of June 30, 2010 and is included in accounts payable and accrued expenses.

SUPPLEMENTARY INFORMATION

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant/Contract Number	Expenditures
<u>FEDERAL AWARDS</u>			
<u>U.S. Department of Health and Human Services</u>			
Direct Program			
Mentoring Children of Prisoners	93.616	90CV0300/03 90CV0331/02 90CV0457	<u>\$ 304,134</u>
<u>U.S. Department of Education</u>			
Direct Programs			
One-to-One Mentoring - Fund for the Improvement of Education	84.215K	U215K080263	413,933
One-to-One Mentoring - Great Expectations	84.184B	Q184B070134-08	438,530
Pass-Through Pennsylvania - Commission on Crime and Delinquency			
Safe and Drug Free Schools and Communities Act - MVP	16.803	2009-AJ-03-20636	77,800
Safe and Drug Free Schools and Communities Act - Big MAGIC	16.803	2009-AJ-03-20631	<u>128,055</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,058,318</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,362,452</u></u>

See note to schedule of expenditures of federal awards

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards for federal grants and contracts of Big Brothers Big Sisters Southeastern Pennsylvania is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *City of Philadelphia Subrecipient Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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***

Board of Directors
Big Brothers Big Sisters Southeastern Pennsylvania
Philadelphia, Pennsylvania

We have audited the financial statements of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA as of and for the year ended June 30, 2010 and have issued our report thereon dated September 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Internal Control Over Financial Reporting (continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined on the previous page.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA'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 effect 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*.

We noted certain matters that we reported to management of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA in a separate letter dated September 24, 2010.

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

A handwritten signature in cursive script that reads "EisnerAmper LLP".

September 24, 2010
Jenkintown, Pennsylvania

**Independent Auditors' Report on Compliance With Requirements Applicable
to Each Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

Board of Directors
Big Brothers Big Sisters Southeastern Pennsylvania
Philadelphia, Pennsylvania

Compliance

We have audited the compliance of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's management. Our responsibility is to express an opinion on BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's compliance with those requirements.

In our opinion, BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "EisnerAmper LLP". The signature is written in a cursive, flowing style.

September 24, 2010
Jenkintown, Pennsylvania

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: ***Unqualified***

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Type of auditors’ report issued on compliance for major programs: ***Unqualified***

Any audit findings disclosed that are required to be reported in accordance

- with Section 510(a) of Circular A-133? yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.215K	One-to-One Mentoring - Fund for the Improvement of Education
84.184B	One-to-One Mentoring - Great Expectations
16.803	Safe and Drug Free Schools and Communities Act

Dollar threshold used to distinguish between type A and type B programs: \$300,000

- Auditee qualified as low-risk auditee? X yes no

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

BIG BROTHERS BIG SISTERS SOUTHEASTERN PENNSYLVANIA

SCHEDULE OF OUTCOMES (UNAUDITED)

4,267 Children Served in Calendar Year 2009

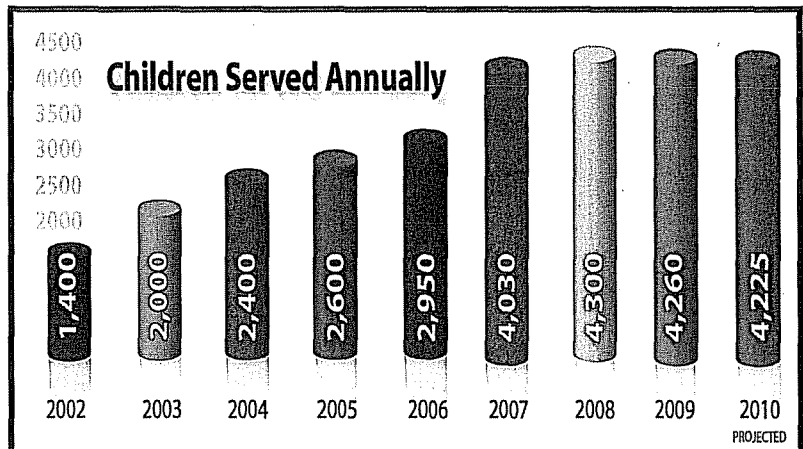
This number is even more impressive given that for every at-risk child served, there were another 4,267 carefully screened and trained volunteers taking an active role in our one-to-one mentoring program as well.

In total, 8,534 children and adults were active participants in the Big Brothers Big Sisters Program in 2009

Time Invested

4,267 volunteers means that between 150,000 to 200,000 hours of volunteer time were served in 2009--estimated at what we leveraged for our community last year.

**Based on an average of 2-4 hours per month per volunteer.*



Strategic Growth

Our growth has been carefully planned and implemented. To increase the number of children matched in our programs, we have invested in strategic marketing and recruitment campaigns designed to increase awareness of the need for BBBS mentoring.

Fiscal Soundness

Big Brothers Big Sisters SEPA has earned a three or four star rating from Charity Navigator for each of the past five years indicating that we have "exceeded industry standards, outperformed most charities and managed our finances effectively."

Positive Impact

Children who were matched with mentors (Bigs) demonstrated the following¹:

- 98% avoided becoming a teen parent.
- 97% of children moved on to the next grade.
- 92% did not have any arrests, convictions, or were on probation.
- 91% avoided fights using weapons.
- 88% avoided alcohol and drugs.
- 88% of children passed all of their classes.

"I love having a Big because he keeps me out of trouble. My Big helps me to stay positive on things and look at the good side of myself."

-Little Brother Jamir

Awards

- BBBS SEPA's 31-member Board was awarded "Board of the Year" by BBBS of America (2009)
- One of only 17 Big Brothers Big Sisters agencies nationwide named a "Gold Standard Performer" by BBBS of America (2008) for growth and quality program delivery.

¹Big Brothers Big Sisters Southeastern PA. 2009, updated annually. Parent Survey. 256 Parent/Guardian respondents. Verbal reports based on their children's behavior for the most recent school year. Administered 2007-2008.