

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

WITH

INDEPENDENT AUDITOR'S REPORT

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

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CAPLICE, CIARAMICOLI & DOYLE LLP

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

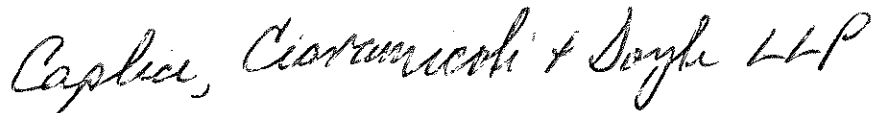
BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Boston, Massachusetts

We have audited the accompanying statement of financial position of **Big Brothers Big Sisters Of Massachusetts Bay, Inc.** (the Association; a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2009 financial statements and, in our report dated March 25, 2010, we expressed an unqualified opinion on those financial statements.

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 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 Massachusetts Bay, Inc.** 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.



Caplice, Ciaramicoli, & Doyle, LLP

Milford, Massachusetts

September 23, 2010

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Statements of Financial Position June 30, 2010 and 2009

	Assets	
	2010	2009
Current assets		
Cash and cash equivalents	\$ 1,238,341	\$ 790,290
Contributions, other receivables and promises to give	440,919	722,479
Prepaid expenses	46,476	65,776
Total current assets	1,725,736	1,578,545
Property and equipment, net	267,262	276,158
Other assets		
Investments, board designated for special purposes	1,856,983	1,108,751
Investments, restricted	2,126,063	1,980,665
Total other assets	3,983,046	3,089,416
Total assets	\$ 5,976,044	\$ 4,944,119
	Liabilities and Net Assets	
Current liabilities		
Current portion of long-term debt	\$ 3,100	\$ 2,900
Accounts payable	117,246	187,611
Accrued expenses	167,961	212,879
Deferred support	62,700	-
Total current liabilities	351,007	403,390
Long-term debt, net of current portion	48,842	51,479
Total liabilities	399,849	454,869
Net assets		
Unrestricted:		
Available for general activities	2,541,388	1,350,647
Board designated for special purposes	868,291	1,117,486
	3,409,679	2,468,133
Temporarily restricted	436,255	280,856
Permanently restricted	1,730,261	1,740,261
Total net assets	5,576,195	4,489,250
Total liabilities and net assets	\$ 5,976,044	\$ 4,944,119

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS, INC.

Statements of Activities
For the Year Ended June 30, 2010
With Summarized Information for the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	Comparative 2009 Total
Revenue and other support					
Contributions	\$ 1,755,047	\$ 61,251	\$ -	\$ 1,816,298	\$ 1,472,345
Government grants	13,018	-	-	13,018	51,185
Allocations from United Way	275,752	-	-	275,752	251,800
Special events	4,254,948	-	-	4,254,948	4,199,227
Donated facilities, goods and services	182,182	-	-	182,182	109,130
	<u>6,480,947</u>	<u>61,251</u>	<u>-</u>	<u>6,542,198</u>	<u>6,083,687</u>
Net assets released from restrictions	<u>32,338</u>	<u>(32,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>6,513,285</u>	<u>28,913</u>	<u>-</u>	<u>6,542,198</u>	<u>6,083,687</u>
Expenses					
Program services	3,008,053	-	-	3,008,053	4,488,496
General and administrative	144,794	-	-	144,794	368,294
Fundraising and development	1,032,976	-	-	1,032,976	1,121,187
Special events costs	1,181,801	-	-	1,181,801	1,284,001
	<u>5,367,624</u>	<u>-</u>	<u>-</u>	<u>5,367,624</u>	<u>7,261,978</u>
Change in net assets from operating activities	<u>1,145,661</u>	<u>28,913</u>	<u>-</u>	<u>1,174,574</u>	<u>(1,178,291)</u>
Non-operating activity					
Office relocation expenses	(208,066)	-	-	(208,066)	-
Abandonment/disposal of assets	(86,692)	-	-	(86,692)	-
Income from long-term investments, net of fees	27,989	32,424	-	60,413	96,212
Net realized and unrealized gains (losses) on long-term investments	52,654	94,062	-	146,716	(956,810)
Net assets released from restrictions	10,000	-	(10,000)	-	-
	<u>(204,115)</u>	<u>126,486</u>	<u>(10,000)</u>	<u>(87,629)</u>	<u>(860,598)</u>
Change in net assets	<u>941,546</u>	<u>155,399</u>	<u>(10,000)</u>	<u>1,086,945</u>	<u>(2,038,889)</u>
Net assets - beginning of year	<u>2,468,133</u>	<u>280,856</u>	<u>1,740,261</u>	<u>4,489,250</u>	<u>6,528,139</u>
Net assets - end of year	<u>\$ 3,409,679</u>	<u>\$ 436,255</u>	<u>\$ 1,730,261</u>	<u>\$ 5,576,195</u>	<u>\$ 4,489,250</u>

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Statements of Functional Expenses
For the Year Ended June 30, 2010
With Summarized Information for the Year Ended June 30, 2009

	Program Services	General and Administrative	Fundraising and Development	2010 Total	Comparative 2009 Total
Personnel					
Salaries, payroll taxes and benefits	\$ 2,105,131	\$ 118,166	\$ 716,496	\$ 2,939,793	\$ 4,497,841
Space and equipment					
Occupancy	270,552	11,409	112,368	394,329	638,671
Telephone	35,358	2,105	10,400	47,863	47,404
Repairs and maintenance	23,459	1,099	17,475	42,033	44,614
Insurance	106,842	3,161	1,415	111,418	119,107
Depreciation and amortization	46,457	1,932	19,879	68,268	94,030
Supplies, materials and other expenses					
Office supplies	10,053	543	3,050	13,646	15,651
Professional fees	43,149	1,220	76,899	121,268	102,471
Travel	18,855	986	3,721	23,562	30,176
Meeting/miscellaneous	6,289	386	3,159	9,834	11,044
Printing	20,496	800	19,454	40,750	14,828
Postage	8,807	475	7,642	16,924	20,628
Conference	2,925	104	2,028	5,057	3,092
Advertisements	947	40	1,438	2,425	2,678
Dues	35,283	145	791	36,219	37,917
Camperships	-	-	-	-	19,802
Scholarships	31,743	-	-	31,743	63,491
Volunteer appreciation	44,375	43	12,810	57,228	31,549
Donated facilities, goods and services	182,182	-	-	182,182	109,130
Bad debts	-	1,693	-	1,693	24,560
Service charges	572	72	22,712	23,356	25,222
Interest	2,826	346	380	3,552	19,924
Recruiting/research	11,752	69	859	12,680	4,147
	<u>\$ 3,008,053</u>	<u>\$ 144,794</u>	<u>\$ 1,032,976</u>	<u>\$ 4,185,823</u>	<u>\$ 5,977,977</u>

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Statements of Cash Flows For the Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ 1,086,945	\$ (2,038,889)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	68,268	94,030
Gain on sale of property and equipment	(3,006)	-
Abandonment of leasehold improvements	89,698	-
Unrealized (gains) losses on investments	(229,207)	694,203
Losses on sale of investments	82,491	269,602
(Increase) decrease in:		
Contributions, other receivables and promises to give	281,560	692,253
Prepaid expenses	19,300	18,880
Deposits	-	1,600
Increase (decrease) in:		
Accounts payable	(70,365)	(78,888)
Accrued expenses	(44,918)	(275)
Deferred support	62,700	-
Net cash provided by (used for) operating activities	<u>1,343,466</u>	<u>(347,484)</u>
Cash flows from investing activities		
Proceeds from sale of equipment	7,200	-
Purchase of property and equipment	(153,264)	-
Proceeds from sale of investments	871,223	3,012,447
Purchase of investments	(1,618,137)	(1,723,863)
Net cash provided by (used for) investing activities	<u>(892,978)</u>	<u>1,288,584</u>
Cash flows from financing activities		
Repayment of line of credit	-	(650,000)
Principle payments on long-term debt	(2,437)	(2,626)
Net cash used for financing activities	<u>(2,437)</u>	<u>(652,626)</u>
Net change in cash	448,051	288,474
Cash - beginning of year	<u>790,290</u>	<u>501,816</u>
Cash - end of year	<u>\$ 1,238,341</u>	<u>\$ 790,290</u>
Supplemental disclosures of cash flows information		
Cash paid during the year for:		
Interest	<u>\$ 3,552</u>	<u>\$ 21,729</u>

See accompanying notes to financial statements

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

1. Nature of Activities

Big Brothers Big Sisters of Massachusetts Bay, Inc. (the Association), is a Massachusetts nonprofit organization, incorporated on February 24, 1949. The mission of the Association is to promote the healthy development of children through the nurturing of one-to-one friendships with caring responsible adults supported by a trained professional staff.

2. Summary of Significant Accounting Policies

Use of Estimates

The presentation 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 support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Promise to Give

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

Property, Equipment and Depreciation

The components of property and equipment are recorded at cost or estimated fair market value at donation date and are depreciated and amortized using the straight-line method over the estimated useful lives of the assets.

Financial Statement Presentation

Net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Association and/or the passage of time.

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

Continued--

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Revenues are reported as increases in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Comparative Totals

The financial statements include certain prior year 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2009 from which the summarized information was derived.

Cash and Cash Equivalents

The Association considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash.

Contributions and Other Receivables

Contributions and other receivables include an allowance for doubtful accounts based on management evaluation of outstanding pledges and other receivables at the end of the year. The allowance for doubtful accounts is \$89,116 and \$64,405 for the years ended June 30, 2010 and 2009, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional Allocation of Expenses

The costs of the various activities of the Association have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the activities.

Subsequent Events

The Association has evaluated all subsequent events through September 23, 2010 the date the financial statements were available to be issued.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

3. Tax Status

Big Brothers Big Sisters Of Massachusetts Bay, Inc. is tax exempt under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Association adopted certain provisions from ASC 740 (relevant portions of which were previously addressed in FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes"), which clarifies the accounting for uncertainty in income taxes. This pronouncement prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. The Association has not taken an unsubstantiated tax position that would require provision or disclosure of a liability under ASC 740.

4. Contributions, Receivables and Promises to Give

Contributions, other receivables and promises to give (expected to be collected within one year) consist of the following:

	2010	2009
Special Events	\$ 279,357	\$ 312,977
Other	235,295	128,877
Promises to give	<u>15,383</u>	<u>347,502</u>
	530,035	789,356
Less:		
Allowance for doubtful collections	(89,116)	(64,405)
Unamortized discount	<u>(500)</u>	<u>(2,472)</u>
	<u>\$ 440,419</u>	<u>\$ 722,479</u>

The Association adopted certain provisions from ASC 825 (relevant portions which were previously addressed in Financial Accounting Standard Board Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"), where the Association has elected to measure unconditional promises to give at fair value. Under ASC 825 election, the Association now discounts unconditional promises to give using the Wall Street Journal Prime Rate as of the financial statement date (3.25%). Management believes this method more accurately reflects the present value of future cash flows as it reflects changes in market conditions at a given time. The fair value of the unconditional promises to give is made using significant unobservable inputs (Level 3).

Continued--

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

4. Contributions, Receivables and Promises to Give (Continued)

Amortization of the discount is recorded as additional contribution revenue and is used in accordance with donor-imposed restriction, if any, on the contributions. An allowance is made for uncollectible pledges based on management's judgment, past collection experience and other relevant factors.

5. Investments

The investments of the Association consist of the following which are reported at fair value as determined by quoted prices in active markets, Level 1 or quoted prices in markets that are not active, Level 2:

	2010	2009
Short term-money market and government funds (Level 1)	\$ 1,531,821	\$ 946,272
Fixed income – mutual funds (Level 1)	1,315,541	1,148,213
Public equity - mutual funds (Level 1)	1,058,860	903,576
Other (Level1)	-	10,325
Hedge fund (Level 2)	76,824	81,030
	<u>\$ 3,983,046</u>	<u>\$ 3,089,416</u>

The following summarizes market value and cost:

	Market Value	Cost
June 30, 2010	<u>\$ 3,983,046</u>	<u>\$ 4,000,859</u>
June 30, 2009	<u>\$ 3,089,416</u>	<u>\$ 3,411,459</u>

The composition of the investment return as reported in the statement of activities for the year ended June 30, 2010 and 2009 is as follows:

	2010	2009
Income from long-term investments consisting of dividends, interest, and capital gains	\$ 67,149	\$ 103,207
Investment fees	(6,736)	(6,995)
Net realized and unrealized gains (losses) on investments	146,716	(956,810)
	<u>\$ 207,129</u>	<u>\$ (860,598)</u>

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

6. Property and Equipment

2010 2009

Property and equipment consist of the following:

Building and fixtures	\$ 158,123	\$ 158,123
Vehicles	-	10,485
Office equipment	477,745	540,071
Leasehold improvements	<u>142,138</u>	<u>128,970</u>
	778,006	837,649
Less-accumulated depreciation	<u>510,744</u>	<u>561,491</u>
	<u>\$ 267,262</u>	<u>\$ 276,158</u>

7. Line of Credit

The Association has an unsecured demand line of credit renewable annually with a financial institution for \$500,000. Interest is payable monthly at the bank's base lending (4% rate at June 30, 2010). There were no outstanding borrowings at June 30, 2010.

8. Long-term Debt

2010 2009

Mortgage note payable in monthly principle and interest payments of \$495 through July 2010, bearing interest at 6.5% secured by land and building. Commencing August 2010 and continuing through July 2023 the note will bear interest at the bank's prime rate plus 1%.

	\$ 51,942	\$ 54,379
Less current portion	<u>3,100</u>	<u>2,900</u>
Long-term debt	<u>\$ 48,842</u>	<u>\$ 51,479</u>

Maturities of long-term debt are as follows:

Year ending	
June 30,	
2011	\$ 3,100
2012	3,235
2013	3,420
2014	3,617
2015	3,800
Thereafter	<u>34,770</u>
	<u>\$ 51,942</u>

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Camperships	\$ 27,633	\$ 20,925
Building and technology	23,569	24,621
Educational advocacy and scholarship	334,112	226,502
Funds restricted for future operations	<u>50,941</u>	<u>8,808</u>
	<u>\$ 436,255</u>	<u>\$ 280,856</u>

10. Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, a portion of the income from which is expendable for general support.

During the year ended June 30, 2010 and 2009, respectively, various donors released their restrictions of \$10,000 and \$1,511,215 from permanently restricted net assets to unrestricted net assets, board designated.

11. Pension Plan

The Association has a defined contribution pension plan (money purchase pension plan) covering substantially all of its full-time employees. The Plan requires bi-monthly contributions aggregating 5% of eligible compensation. As of December 2008 the Association temporarily suspended bi-monthly contributions to the plan. Contributions were \$0 and \$57,865 for 2010 and 2009, respectively and are included in salaries, payroll taxes and benefits on the statement of functional expenses.

12. Donated Facilities, Goods, Services and Non-Cash Contributions

Donated facilities, goods and services are reflected in the accompanying financial statements at their estimated fair values at the date of receipt to the extent that they are used to support program activities and create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Association. There is no compensation for services rendered by members of the Board of Directors.

The majority of contributed services consist of advertising and tickets to sporting events.

13. Concentration of Credit Risk

The Association places its cash and temporary investments with high credit quality institutions. At times, such investments may be in excess of FDIC insurance limitations.

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

14. Related Party

The Association is related by common board members to the Big Brother/Big Sister Foundation, Inc. The Foundation contributed \$286,672 and \$110,000 to the Association during the years ended June 30, 2010 and 2009, respectively.

15. Commitment

During September 2009 the Association entered into a five year lease agreement expiring September 2014. Occupancy expense including rent, common area maintenance and utility charges was \$384,043 and \$629,583 for the years ended June 30, 2010 and 2009, respectively. The annual lease agreement is subject to real estate taxes and other operating expense escalations.

Future minimum lease payments are as follows:

Year Ending June 30,	
2011	\$ 308,154
2012	308,154
2013	308,154
2014	308,154
2015	<u>77,039</u>
	<u>\$ 1,309,655</u>

16. Contingency

The Association is a defendant in a lawsuit. At this time management is not able to determine the ultimate outcome and accordingly, no reserve for loss has been recorded at June 30, 2010 or 2009.

17. Endowments

The Association adopted provisions of ASC 958 (relevant portions which were previously addressed in FASB Staff Position No. 117-1, "Endowments of Not-for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Disclosures for All Endowment Funds") which provides guidance on the net asset classification of donor-restricted endowment funds for a

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BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

17. Endowments (Continued)

not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The endowment fund is maintained in accordance with the Massachusetts Uniform Prudent Management of Institutional Funds Law (MA UPMIF) and board policies adopted to prudently provide for and support the Association in compliance with that law.

The Association has interpreted the MA UPMIF as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with MA UPMIF, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

In addition, the Association has created a Board-designated endowment fund. Although this fund is unrestricted and not subject to the MA UPMIF it is managed by the Association in the same manner as the donor-restricted endowment fund. All of the policies and procedures described in this footnote are applied equally to both funds and the assets of the funds are combined into one investment account for maximum investment efficiency.

The Board has retained the services of an independent professional investment advisor to manage the endowment funds and has adopted an investment policy to guide the advisor as to the Association's return objectives and risk parameters and how those objectives relate to the Association's spending policy and the strategies employed for achieving those objectives.

The Association targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long term objectives within prudent constraints.

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BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

17. Endowments (Continued)

The composition of the Association's endowment funds was as follows:

	Permanently Restricted Endowment	Temporarily Restricted Endowment	Board- Designated	Total
June 30, 2010	<u>\$ 1,730,261</u>	<u>\$ 395,802</u>	<u>\$ 849,557</u>	<u>\$ 2,975,620</u>
June 30, 2009	<u>\$ 1,740,261</u>	<u>\$ 240,404</u>	<u>\$ 1,108,751</u>	<u>\$ 3,089,416</u>

The balance of the permanently-restricted endowment is required to be retained permanently either in accordance with donor stipulation or the Massachusetts Uniform Prudent Management of Institutional Funds law.

A summary of the changes follow:

	Permanently Restricted <u>Endowment</u>	Temporarily Restricted <u>Endowment</u>	Unrestricted Board- <u>Designated</u>	<u>Total</u>
Balance July 1, 2008	<u>\$ 3,251,476</u>	<u>\$ 727,516</u>	<u>\$ 324,529</u>	<u>\$ 4,303,521</u>
Investment return:				
Income	-	7,653	71,574	79,227
Net depreciation	-	(712,706)	(58,129)	(770,835)
Investment management fees	-	<u>(5,488)</u>	<u>(445)</u>	<u>(5,933)</u>
Total investment return	-	<u>(710,541)</u>	13,000	<u>(697,541)</u>
Contributions	-	48,806	-	48,806
Appropriated for expenditure	-	(155,370)	(410,000)	(565,370)
Transfer to temporary restricted net assets	-	329,993	(329,993)	-
Donor restrictions released	<u>(1,511,215)</u>	-	<u>1,511,215</u>	-
Balance June 30, 2009	<u>1,740,261</u>	<u>240,404</u>	<u>1,108,751</u>	<u>3,089,416</u>
Investment return:				
Income	-	36,743	20,568	57,311
Net appreciation	-	94,062	52,654	146,716
Investment management fees	-	<u>(4,319)</u>	<u>(2,417)</u>	<u>(6,736)</u>
Total investment return	-	126,486	70,805	197,291
Contributions	-	61,251	-	61,251
Appropriated for expenditure	-	(32,338)	(340,000)	(372,338)
Donor restrictions released	<u>(10,000)</u>	-	<u>10,000</u>	-
Balance June 30, 2010	<u>\$ 1,730,261</u>	<u>\$ 395,803</u>	<u>\$ 849,556</u>	<u>\$ 2,975,620</u>

Continued --

BIG BROTHERS BIG SISTERS OF MASSACHUSETTS BAY, INC.

Notes to Financial Statements
For the Years Ended June 30, 2010 and 2009

17. Endowments (Continued)

The income generated by the donor-permanently restricted endowment funds is available for the Association's general operations and is recorded as temporary restricted board designated until appropriated for expenditures. Temporarily restricted endowment represents amounts subject to donor stipulations that will be met either by actions of the Association or the passage of time.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with Generally Accepted Accounting Principles, deficiencies of this nature that are reported in unrestricted net assets were \$329,993 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations.