

***BOYS AND GIRLS CLUBS  
OF ADA COUNTY, IDAHO, INC.***

***FINANCIAL STATEMENTS***

***YEARS ENDED DECEMBER 31, 2015 AND 2014***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Boys and Girls Clubs of Ada County, Idaho, Inc.  
Boise, Idaho

We have audited the accompanying financial statements of Boys and Girls Clubs of Ada County, Idaho, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of Ada County, Idaho, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

This report has been issued in accordance with, and is subject to, the terms of the engagement letter between Boys and Girls Clubs of Ada County, Idaho, Inc. and Siddoway, Wadsworth & Reese, PLLC.

Boise, Idaho  
July 26, 2016

*Wadsworth Reese, PLLC*

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,204,865	\$ 2,396,113
Accounts receivable, no allowance for doubtful accounts considered necessary	422,868	1,183,153
Other current assets	10,842	10,544
	<u>3,638,575</u>	<u>3,589,810</u>
<b>PROPERTY AND EQUIPMENT, at cost:</b>		
Land, building and improvements	6,571,466	4,887,034
Club equipment and games	85,155	85,155
Club vehicles	127,573	99,497
Office furnishings and equipment	60,397	60,397
	<u>6,844,591</u>	<u>5,132,083</u>
Less accumulated depreciation	1,470,806	1,348,672
	<u>5,373,785</u>	<u>3,783,411</u>
<b>OTHER ASSETS:</b>		
Unconditional promises to give	181,708	179,655
	<u>181,708</u>	<u>179,655</u>
	<u>\$ 9,194,068</u>	<u>\$ 7,552,876</u>

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

<u>LIABILITIES AND NET ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 256,832	\$ 20,244
Accrued payroll related liabilities	62,517	56,211
Note payable	<u>13,514</u>	<u>13,021</u>
Total Current Liabilities	<u>332,863</u>	<u>89,476</u>
 <b>NOTE PAYABLE</b>	 <u>481,821</u>	 <u>495,085</u>
 <b>NET ASSETS:</b>		
Unrestricted	5,658,445	3,880,004
Temporarily restricted	<u>2,720,939</u>	<u>3,088,311</u>
	<u>8,379,384</u>	<u>6,968,315</u>
	 <u>\$ 9,194,068</u>	 <u>\$ 7,552,876</u>

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

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Unrestricted	
	2015	2014
<b>SUPPORT:</b>		
Special event revenue	\$ 638,835	\$ 687,676
Less cost of direct benefits to donors	137,598	122,018
Net revenues from special events	501,237	565,658
Donations	279,982	237,884
Government grants	404,633	337,617
Public and private grants	362,609	243,613
In-kind contributions	718,366	369,646
Membership dues	55,730	62,274
Program fees	344,236	304,364
Earned income	21,794	17,363
Net assets released from restrictions	1,184,717	219,850
Total Support	3,873,304	2,358,269
<b>EXPENSES:</b>		
Program costs	1,747,696	1,678,133
Fund-raising	120,611	118,276
Management and general	205,905	189,343
Total Expenses	2,074,212	1,985,752
<b>OTHER REVENUE (EXPENSE):</b>		
Interest and investment income	786	347
Interest expense	(21,437)	(28,735)
Total Other Revenue (Expense)	(20,651)	(28,388)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,778,441	344,129
<b>NET ASSETS, Beginning of year</b>	3,880,004	3,535,875
<b>NET ASSETS, End of year</b>	\$ 5,658,445	\$ 3,880,004

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>Temporarily Restricted</u>		<u>Total</u>	
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ 638,835	\$ 687,676
-	-	137,598	122,018
-	-	501,237	565,658
483,707	2,536,847	763,689	2,774,731
-	65,000	404,633	402,617
331,705	56,000	694,314	299,613
-	-	718,366	369,646
-	-	55,730	62,274
-	-	344,236	304,364
-	-	21,794	17,363
<u>(1,184,717)</u>	<u>(219,850)</u>	<u>-</u>	<u>-</u>
<u>(369,305)</u>	<u>2,437,997</u>	<u>3,503,999</u>	<u>4,796,266</u>
-	-	1,747,696	1,678,133
-	-	120,611	118,276
-	-	205,905	189,343
<u>-</u>	<u>-</u>	<u>2,074,212</u>	<u>1,985,752</u>
1,933	1,908	2,719	2,255
-	-	(21,437)	(28,735)
<u>1,933</u>	<u>1,908</u>	<u>(18,718)</u>	<u>(26,480)</u>
<u>(367,372)</u>	<u>2,439,905</u>	<u>1,411,069</u>	<u>2,784,034</u>
<u>3,088,311</u>	<u>648,406</u>	<u>6,968,315</u>	<u>4,168,035</u>
<u>\$ 2,720,939</u>	<u>\$ 3,088,311</u>	<u>\$ 8,379,384</u>	<u>\$ 6,968,315</u>

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



BOYS AND GIRLS CLUBS of ADA COUNTY, IDAHO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	<u>Program</u>	<u>Fund- raising</u>	<u>Management and general</u>	<u>Total</u>
Payroll and related costs	\$ 832,713	\$ 108,568	\$ 144,395	\$ 1,085,676
Supplies	295,953	-	1,968	297,921
In-kind expenses	326,053	-	-	326,053
Depreciation	114,806	-	7,328	122,134
Utilities	60,357	-	3,853	64,210
Professional fees	-	-	38,564	38,564
Repairs and maintenance	47,869	-	-	47,869
Insurance	37,480	-	2,392	39,872
Training	14,178	-	-	14,178
Capital expense	3,638	-	-	3,638
Travel	6,473	-	2,774	9,247
Marketing	-	4,065	-	4,065
Meetings	1,737	-	2,606	4,343
Postage	2,025	-	2,025	4,050
Printing	1,994	7,978	-	9,972
Property tax expense	2,420	-	-	2,420
	<u>\$ 1,747,696</u>	<u>\$ 120,611</u>	<u>\$ 205,905</u>	<u>\$ 2,074,212</u>

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

BOYS AND GIRLS CLUBS of ADA COUNTY, IDAHO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>Fund- raising</u>	<u>Management and general</u>	<u>Total</u>
Payroll and related costs	\$ 748,906	\$ 97,641	\$ 129,862	\$ 976,409
Supplies	291,342	-	-	291,342
In-kind expenses	369,646	-	-	369,646
Depreciation	114,412	-	7,303	121,715
Utilities	59,839	-	3,819	63,658
Professional fees	-	-	38,389	38,389
Repairs and maintenance	31,588	-	-	31,588
Insurance	39,196	-	2,502	41,698
Training	7,860	-	-	7,860
Capital expense	1,196	-	-	1,196
Travel	7,446	-	3,191	10,637
Marketing	-	13,489	-	13,489
Meetings	1,999	-	2,999	4,998
Postage	1,278	-	1,278	2,556
Printing	1,787	7,146	-	8,933
Property tax expense	1,638	-	-	1,638
	<u>\$ 1,678,133</u>	<u>\$ 118,276</u>	<u>\$ 189,343</u>	<u>\$ 1,985,752</u>

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

BOYS AND GIRLS CLUBS of ADA COUNTY, IDAHO, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

CASH PROVIDED (APPLIED):	<u>2015</u>	<u>2014</u>
<b>OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 1,411,069	\$ 2,784,034
Adjustments to reconcile decrease in net assets to cash provided by (applied to) operating activities:		
Depreciation	122,134	121,715
Donated services capitalized to property and equipment	(392,313)	-
Decrease (increase) in accounts receivable	760,285	(955,676)
(Increase) in pledges receivable	(2,053)	(33,698)
(Increase) in other current assets	(298)	(1,049)
Increase (decrease) in accounts payable	236,588	(4,965)
Increase (decrease) in accrued payroll liabilities	<u>6,306</u>	<u>(30,667)</u>
 Cash Provided by Operating Activities	 <u>2,141,718</u>	 <u>1,879,694</u>
<b>INVESTING ACTIVITIES:</b>		
Payments for purchase of property and equipment	<u>(1,320,195)</u>	<u>(24,703)</u>
 Cash Applied to Investing Activities	 <u>(1,320,195)</u>	 <u>(24,703)</u>
<b>FINANCING ACTIVITIES:</b>		
Principal payments on note payable	<u>(12,771)</u>	<u>(6,598)</u>
 Cash Applied to Financing Activities	 <u>(12,771)</u>	 <u>(6,598)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 808,752	 1,848,393
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>2,396,113</u>	 <u>547,720</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 3,204,865</u>	 <u>\$ 2,396,113</u>

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

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

A. Summary of Significant Accounting Policies:

1. **Organization** - Boys and Girls Clubs of Ada County, Idaho, Inc. was formed in 1995 as a non-profit corporation and began operations in January 1997. The Organization has facilities located in Garden City, Idaho, and Meridian, Idaho. The Organization is a youth development agency that is dedicated to providing all youth between six and eighteen years of age in Ada County with a sense of belonging, usefulness, influence and competence, with special concern for those who most need help. The Club is committed to providing high quality programs designed to develop the skills and talents needed to become responsible citizens and leaders.
2. **Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.
3. **Management Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
4. **Fair Value of Financial Instruments** - The Fair Value of Financial Instruments and Disclosures Topic of FASB Accounting Standards Codification (FASB ASC) defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Organization's financial instruments are cash and cash equivalents, accounts receivable and accounts payable. The recorded values of these financial instruments approximate their fair values based on their short-term nature.
5. **Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Organization has designated cash in checking, petty cash account, savings, and money market investments as cash equivalents.
6. **Accounts Receivable** - Accounts receivable consist of monies due from businesses and individuals. The Organization utilizes the direct write-off method for recognizing bad debts. This departure from the allowance method is deemed immaterial to the accompanying financial statements.

In February 2014, the Organization embarked upon a \$3,500,000 capital campaign to expand services at the Meridian Boys and Girls Club and create a building improvement fund for all locations. The goal is to build a gymnasium, teen center, and remodel the education center in the Meridian Club as well as enhance and expand proven prevention programs. As of December 31, 2015, the capital campaign had raised a total of \$3,020,555, \$354,795 of which is included in accounts receivable.

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

7. Property and Equipment - Property and equipment are stated at cost if purchased. Donated property and equipment are stated at the fair market value of the asset as determined by the donor at the date the donation is received. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets.
8. Income Taxes - The Organization is exempt from income taxes as defined by Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

The Organization has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*), on January 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the date of adoption and as of December 31, 2014, the unrecognized tax benefit accrual was zero.

The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Organization is subject to examinations by tax authorities for years 2012 through 2014.

9. Donated Services - Donated services, reported as in-kind contributions in the accompanying financial statements, have been recorded at fair market value as determined by the donor.
10. Reclassifications - For comparability, certain amounts in the 2014 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2015.
11. Subsequent Events – The Organization opened their new Meridian, Idaho facility in May 2016. Donations granted in 2016, 2015, and 2014 were used to fund the facility.

In June 2016 the board approved a plan to move forward with a year-round program in Kuna that will be hosted at a local elementary school. The program is expected to start in the fall of 2016 and serve 80 to 100 kids a day throughout the school year and 200 to 250 kids a day during the summer. The financing for the new facility will consist of a combination of funds already raised and new fundraising efforts. The cost for the after school program will be approximately \$120,000 per year and \$85,000 per year for the summer program,

Management has evaluated subsequent events through July 26, 2016, the date on which the financial statements were available to be issued. There are no other subsequent events that require disclosure as of the date above.

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

B. Financial Statement Presentation:

The Organization has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by this statement, the Organization does not use fund accounting.

C. Unrestricted and Temporarily Restricted Net Assets:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Temporarily restricted net assets consist of contributions restricted due to time restrictions or donor-imposed purpose restrictions. When time or purpose restrictions are met, amounts are classified as unrestricted net assets. The Organization's policy is to report contributions whose time or purpose restrictions which are met in the same reporting period as unrestricted revenues.

D. Unconditional Promises to Give:

Unconditional contributions, including promises to give, are recorded as revenues at fair value in the period the donor's commitments are received. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which promises are to be received. Amortization of the discount is included in contribution revenue.

At December 31, 2015 and 2014, the Organization had unconditional promises to give that were for the proposed Kuna, Idaho, expansion. The value of the unconditional promises to give at December 31, 2015 and 2014 were \$181,708 and \$179,655 respectively.

E. Preferred Stock:

Preferred stock consists of uncertified shares of non-voting stock donated to the Club and is summarized as follows:

	<u>2015</u>	<u>2014</u>
One Share, Series A, Seventh Street Real Estate Investment Trust	<u>\$ 1,000</u>	<u>\$ 1,000</u>

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

F. Line-of-Credit:

The Organization maintains an operating line of credit with Bank of the Cascades. The line bears interest at a variable rate of 3.25% with a floor of 5% and is secured by the Garden City, Idaho facility. On April 24, 2014, the line was renewed with a maturity date of May 10, 2016. The maximum borrowing amount and all other terms remain the same. At December 2015 and 2014, no amounts were advanced against the line.

G. Note Payable:

Note Payable at December 31, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Note payable to Bank of the Cascades, refinanced on April 24, 2014, due in monthly payments of \$2,641 including interest at 3.72%, with one payment of \$366,531 due on May 5, 2024, secured by property in Meridian and Garden City, Idaho.	<u>\$ 495,335</u>	<u>\$ 508,106</u>

Estimated maturities of the note payable at December 31, 2015 are summarized as follows:

<u>Year ending</u> <u>December 31,</u>	
2016	\$ 13,514
2017	14,025
2018	14,556
2019	15,107
2020 and thereafter	<u>438,133</u>
	<u>\$ 495,133</u>

H. Retirement Plan:

The Club sponsors, through Boys and Girls Clubs of America, a retirement plan under 401(k) of the Internal Revenue Code. On January 1, 2003, the Club changed their retirement plan with the Boys and Girls Clubs of America. The plan does not have employee deferrals and the Club contributes 10% of the salary of any vested employee. During the years ended December 31, 2015 and 2014, the Club contributed \$52,269 and \$32,399, respectively.

BOYS AND GIRLS CLUBS OF ADA COUNTY, IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

I. Concentrations of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash in checking accounts, money market accounts, certificates of deposit and unconditional promises to give. The Organization routinely maintains balances in excess of limits insured against loss by the Federal Deposit Insurance Corporation. Unconditional promises to give consist of promises obtained from various private foundations, businesses and individuals located in Southern Idaho.