

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

***FINANCIAL STATEMENTS***

***YEARS ENDED DECEMBER 31, 2017 AND 2016***

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS:	
Statements of financial position .....	3
Statements of activities and changes in net assets .....	5
Statement of functional expenses, year ended December 31, 2017.....	7
Statement of functional expenses, year ended December 31, 2016.....	8
Statements of cash flows .....	9
Notes to financial statements.....	10



## 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, 2017 and 2016, 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, 2016 and 2015, 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 Wadsworth Reese, PLLC.

Boise, Idaho  
August 30, 2018

*Wadsworth Reese, PLLC*

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,471,788	\$ 2,616,982
Marketable securities, including unrealized holdings gains of \$100,729 and \$0, respectively	1,636,901	-
Accounts receivable, no allowance for doubtful accounts considered necessary	1,057,673	104,675
Other current assets	<u>8,245</u>	<u>14,036</u>
Total Current Assets	<u>4,174,607</u>	<u>2,735,693</u>
PROPERTY AND EQUIPMENT, at cost:		
Land, building and improvements	8,188,455	7,773,506
Club equipment and games	166,694	119,203
Club vehicles	153,032	153,032
Office furnishings and equipment	<u>107,360</u>	<u>107,360</u>
	8,615,541	8,153,101
Less accumulated depreciation	<u>1,872,587</u>	<u>1,654,170</u>
	<u>6,742,954</u>	<u>6,498,931</u>
OTHER ASSETS:		
Unconditional promises to give	<u>-</u>	<u>183,760</u>
	<u>-</u>	<u>183,760</u>
	<u>\$ 10,917,561</u>	<u>\$ 9,418,384</u>

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

<u>LIABILITIES AND NET ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 17,481	\$ 31,206
Accrued payroll related liabilities	86,918	131,661
Note payable	<u>14,556</u>	<u>14,025</u>
Total Current Liabilities	<u>118,955</u>	<u>176,892</u>
NOTE PAYABLE	<u>454,550</u>	<u>466,256</u>
NET ASSETS:		
Unrestricted	8,731,056	8,231,360
Temporarily restricted	<u>1,613,000</u>	<u>543,876</u>
	<u>10,344,056</u>	<u>8,775,236</u>
	<u>\$ 10,917,561</u>	<u>\$ 9,418,384</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, 2017 AND 2016

	<u>Unrestricted</u>	
	<u>2017</u>	<u>2016</u>
SUPPORT:		
Special event revenue	\$ 888,878	\$ 800,782
Less cost of direct benefits to donors	<u>167,952</u>	<u>149,019</u>
Net revenues from special events	720,926	651,763
Donations	256,489	400,195
Government grants	486,513	535,179
Public and private grants	319,874	326,347
In-kind contributions	357,957	354,616
Membership dues	5,174	7,102
Program fees	531,668	488,300
Earned income	18,957	28,399
Net assets released from restrictions	<u>594,815</u>	<u>2,299,597</u>
Total Support	<u>3,292,373</u>	<u>5,091,498</u>
EXPENSES:		
Program costs	2,444,675	2,097,757
Fund-raising	168,335	148,669
Management and general	<u>286,122</u>	<u>263,591</u>
Total Expenses	<u>2,899,132</u>	<u>2,510,017</u>
OTHER REVENUE (EXPENSE):		
Interest and investment income	26,141	1,311
Other income	-	5,164
Unrealized gains on investments	100,427	-
Interest expense	<u>(20,113)</u>	<u>(16,644)</u>
Total Other Revenue (Expense)	<u>106,455</u>	<u>(10,169)</u>
INCREASE IN NET ASSETS	499,696	2,571,312
NET ASSETS, Beginning of year	<u>8,231,360</u>	<u>5,660,048</u>
NET ASSETS, End of year	<u>\$ 8,731,056</u>	<u>\$ 8,231,360</u>

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Temporarily Restricted</u>		<u>Total</u>	
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
\$ -	\$ -	\$ 888,878	\$ 800,782
-	-	167,952	149,019
-	-	720,926	651,763
1,662,585	120,550	1,919,074	520,745
-	-	486,513	535,179
-	-	319,874	326,347
-	-	357,957	354,616
-	-	5,174	7,102
-	-	531,668	488,300
-	-	18,957	28,399
<u>(594,815)</u>	<u>(2,299,597)</u>	<u>-</u>	<u>-</u>
<u>1,067,770</u>	<u>(2,179,047)</u>	<u>4,360,143</u>	<u>2,912,451</u>
-	-	2,444,675	2,097,757
-	-	168,335	148,669
<u>-</u>	<u>-</u>	<u>286,122</u>	<u>263,591</u>
<u>-</u>	<u>-</u>	<u>2,899,132</u>	<u>2,510,017</u>
1,354	1,984	27,495	3,295
-	-	-	5,164
-	-	100,427	-
<u>-</u>	<u>-</u>	<u>(20,113)</u>	<u>(16,644)</u>
<u>1,354</u>	<u>1,984</u>	<u>107,809</u>	<u>(8,185)</u>
1,069,124	(2,177,063)	1,568,820	394,249
<u>543,876</u>	<u>2,720,939</u>	<u>8,775,236</u>	<u>8,380,987</u>
<u>\$ 1,613,000</u>	<u>\$ 543,876</u>	<u>\$ 10,344,056</u>	<u>\$ 8,775,236</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, 2017

	<u>Program</u>	<u>Fund- raising</u>	<u>Management and general</u>	<u>Total</u>
Payroll and related costs	\$ 1,150,192	\$ 149,960	\$ 199,447	\$ 1,499,599
Supplies	340,842	-	3,617	344,459
In-kind expenses	357,957	-	-	357,957
Depreciation	205,312	-	13,105	218,417
Utilities	79,249	-	5,058	84,307
Professional fees	-	-	54,787	54,787
Repairs and maintenance	51,002	-	-	51,002
Insurance	53,573	-	3,420	56,993
Training	11,080	-	-	11,080
Travel	6,128	-	2,626	8,754
Marketing	-	9,686	-	9,686
Meetings	1,309	-	1,963	3,272
Postage	2,099	-	2,099	4,198
Printing	2,172	8,689	-	10,861
Uncollectible pledges	183,760	-	-	183,760
	<u>\$ 2,444,675</u>	<u>\$ 168,335</u>	<u>\$ 286,122</u>	<u>\$ 2,899,132</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, 2016

	<u>Program</u>	<u>Fund- raising</u>	<u>Management and general</u>	<u>Total</u>
Payroll and related costs	\$ 1,038,885	\$ 135,448	\$ 180,146	\$ 1,354,479
Supplies	346,696	-	3,681	350,377
In-kind expenses	319,073	-	-	319,073
Depreciation	172,362	-	11,002	183,364
Utilities	71,088	-	4,538	75,626
Professional fees	-	-	53,296	53,296
Repairs and maintenance	62,481	-	-	62,481
Insurance	49,278	-	3,145	52,423
Training	11,857	-	-	11,857
Capital expense	12,180	-	-	12,180
Travel	7,630	-	3,270	10,900
Marketing	-	2,452	-	2,452
Meetings	1,958	-	2,937	4,895
Postage	1,577	-	1,576	3,153
Printing	2,692	10,769	-	13,461
Property tax expense	-	-	-	-
	<u>\$ 2,097,757</u>	<u>\$ 148,669</u>	<u>\$ 263,591</u>	<u>\$ 2,510,017</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, 2017 AND 2016

CASH PROVIDED (APPLIED):	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 1,568,820	\$ 394,249
Adjustments to reconcile decrease in net assets to cash provided by (applied to) operating activities:		
Depreciation	218,417	183,364
Net realized loss (gain) on investments	9	-
Net unrealized loss (gain) on investments	(100,427)	-
Donated services capitalized to property and equipment	-	(35,543)
Decrease (increase) in accounts receivable	(952,998)	318,193
(Increase) in pledges receivable	183,760	(2,052)
(Increase) in other current assets	5,791	(3,194)
Increase (decrease) in accounts payable	(13,725)	(224,023)
Increase (decrease) in accrued payroll liabilities	<u>(44,743)</u>	<u>69,144</u>
 Cash Provided by Operating Activities	 <u>864,904</u>	 <u>700,138</u>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from the sale of marketable securities	56,453	-
Purchases of marketable securities	(1,592,936)	-
Payments for purchase of property and equipment	<u>(462,440)</u>	<u>(1,272,967)</u>
 Cash Applied to Investing Activities	 <u>(1,998,923)</u>	 <u>(1,272,967)</u>
<b>FINANCING ACTIVITIES:</b>		
Principal payments on note payable	<u>(11,175)</u>	<u>(15,054)</u>
 Cash Applied to Financing Activities	 <u>(11,175)</u>	 <u>(15,054)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (1,145,194)	 (587,883)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,616,982</u>	<u>3,204,865</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,471,788</u>	<u>\$ 2,616,982</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, 2017 AND 2016

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.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017, 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 2014 through 2016.

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 2016 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2017.
11. Subsequent Events – Management has evaluated subsequent events through August 30, 2018, 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.

B. Financial Statement Presentation:

The Organization follows the reporting guidance of FASB ASC 958 for Not-for-Profit Entities. Under ASC 958, 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.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

C. Marketable Securities:

In accordance with FASB ASC 958-320, marketable securities are classified as “available-for-sale” and are recorded at fair market value. The current year change in the unrealized gain or loss is recorded in the statement of activities as a component of “unrealized gains (loss) on marketable securities.”

Information regarding marketable securities as of and for the years ended December 31, 2017 is summarized as follows:

Available for sale securities as of December 31, 2017

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Marketable Securities	\$ 913,437	\$ 1,024,167	\$ 1,024,167
Corporate / Government Bonds	618,520	612,734	612,734

Investment return is summarized as follows:

	<u>2017</u>
Interest, dividend, and long-term capital gain income	\$ 25,445
Net realized gains (loss)	(9)
Net unrealized gains (loss)	<u>100,427</u>
Total investment income	<u>\$ 125,863</u>

D. Fair Value Measurements:

The Organizations investments are reported at fair value in the accompanying statement of net assets available for benefits.

FASB ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

D. Fair Value Measurements (continued):

The fair values of marketable securities and corporate / government bonds are based on quoted market prices.

<u>As of December 31, 2017</u>	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets	
	<u>Fair Value</u>	<u>(Level 1)</u>
Marketable Securities	\$ 1,024,167	\$ 1,024,167
		<u>(Level 2)</u>
Corporate / Government Bonds	612,734	612,734

E. 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. As of December 31, 2017, the Organization received the following temporarily restricted contributions.

Expansion/remodel of facilities	\$ 1,545,000
Operational programs	<u>117,585</u>
	<u>\$ 1,662,585</u>

F. 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.

The Organization received pledges for a planned expansion into Kuna, ID. The expansion plans were blocked by the voters and the Organization plans to pursue future expansion at a future date. In the event that expansion is probable, the organization will obtain new pledges. For 2017 the organization decided to write off the outstanding pledges related to the expansion. At December 31, 2017 and 2016, 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, 2017 and 2016 were \$0 and \$183,760 respectively.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

G. Preferred Stock:

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

	<u>2017</u>	<u>2016</u>
One Share, Series A, Seventh Street Real Estate Investment Trust	\$ <u>1,000</u>	\$ <u>1,000</u>

H. Line-of-Credit:

The Organization maintained a \$100,000 operating line of credit with Bank of the Cascades. The line bears current interest at a variable rate of 4% with a floor of 4% and is secured by the Garden City, Idaho facility. The line matured on May 10, 2018 and the organization decided to not extend the line of credit. At December 2017 and 2016, no amounts were advanced against the line.

I. Note Payable:

Note Payable at December 31, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Note payable to Bank of the Cascades, refinanced on April 24, 2014, due in monthly payments of \$2,746 including interest at 4.13%, with one payment of \$366,531 due on May 5, 2024, secured by property in Meridian and Garden City, Idaho.	\$ <u>469,106</u>	\$ <u>480,281</u>

Estimated maturities of the note payable at December 31, 2017 are summarized as follows:

<u>Year ending</u> <u>December 31,</u>	
2018	\$ 14,556
2019	15,107
2020	15,679
2021	16,272
2022 and thereafter	<u>407,492</u>
	<u>\$ 469,106</u>



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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

J. 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, 2017 and 2016, the Club contributed \$57,235 and \$62,376, respectively.

K. 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. The Organization maintains cash accounts, securities, and bonds with a brokerage firm with amounts routinely in excess of either FDIC or SIPC limits.