



**BOYS & GIRLS CLUB**  
OF GREENWICH

**BOYS AND GIRLS CLUB OF  
GREENWICH, INC.**

Financial Statements  
(Together with Independent Auditors' Report)

Years Ended June 30, 2018 and 2017

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Boys and Girls Club of Greenwich, Inc.

We have audited the accompanying financial statements of Boys and Girls Club of Greenwich, Inc. (formerly Greenwich Boys and Girls Club Association, Incorporated) which comprise the statements of financial position as of June 30, 2018 and 2017, 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Club of Greenwich, Inc. as of June 30, 2018 and 2017, 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.

*Marks Paneth LLP*

Purchase, NY  
January 14, 2019

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B and 9)	\$ 608,417	\$ 532,813
Pledges and other receivables (Notes 2J, 2K, 2L and 8)	72,462	60,794
Investments, at fair value (Notes 2M, 3 and 7)	12,291,469	11,754,898
Prepaid expenses and other assets	42,853	112,808
Beneficial interest in perpetual trust (Notes 6 and 7)	349,016	341,591
Property and equipment, net (Notes 2E and 4)	<u>14,099,023</u>	<u>14,665,490</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 27,463,240</u></b>	<b><u>\$ 27,468,394</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 327,970	\$ 185,607
Deferred revenue (Note 2G)	<u>227,443</u>	<u>188,929</u>
<b>TOTAL LIABILITIES</b>	<b><u>555,413</u></b>	<b><u>374,536</u></b>
<b>COMMITMENTS AND CONTINGENCIES (Note 10)</b>		
<b>NET ASSETS (Note 2C)</b>		
Unrestricted:		
Net investment in property and equipment	14,099,023	14,665,490
Operations	<u>8,896,538</u>	<u>8,631,276</u>
Total unrestricted	22,995,561	23,296,766
Temporarily restricted (Note 6)	3,563,250	3,455,501
Permanently restricted (Notes 6 and 7)	<u>349,016</u>	<u>341,591</u>
<b>TOTAL NET ASSETS</b>	<b><u>26,907,827</u></b>	<b><u>27,093,858</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 27,463,240</u></b>	<b><u>\$ 27,468,394</u></b>

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

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	Year Ended June 30, 2018				Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
<b>OPERATING REVENUE AND SUPPORT:</b>								
Contributions and fundraising (Notes 2I, 2K and 8)	\$ 1,596,099	\$ 61,774	\$ -	\$ 1,657,873	\$ 1,702,850	\$ 43,315	\$ -	\$ 1,746,165
Special events, net of cost of direct benefit to donors (\$137,486 and \$136,069 for 2018 and 2017, respectively)	639,407	-	-	639,407	504,742	-	-	504,742
In-Kind Contributions (Notes 2F and 11)	31,226	-	-	31,226	62,889	-	-	62,889
Grants	187,380	-	-	187,380	256,828	-	-	256,828
United Way of Greenwich	35,000	-	-	35,000	45,147	-	-	45,147
Club house fees and membership dues	429,466	-	-	429,466	431,520	-	-	431,520
Program service fees (Note 2G)	380,323	-	-	380,323	374,641	-	-	374,641
Miscellaneous income	64,040	-	-	64,040	56,774	-	-	56,774
Earnings from beneficial interest in perpetual trust (Note 6 and 7)	17,149	-	-	17,149	17,359	-	-	17,359
Transfer from investment income for operating (Notes 2M and 3)	-	71,280	-	71,280	-	63,229	-	63,229
Net assets released from restrictions (Note 6)	209,000	(209,000)	-	-	204,706	(204,706)	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT (NOTE 2L)</b>	<b>3,589,090</b>	<b>(75,946)</b>	<b>-</b>	<b>3,513,144</b>	<b>3,657,456</b>	<b>(98,162)</b>	<b>-</b>	<b>3,559,294</b>
<b>OPERATING EXPENSES</b>								
<b>Program Services:</b>								
Individual and family outreach	981,805	-	-	981,805	875,034	-	-	875,034
Camp Simmons	247,105	-	-	247,105	229,745	-	-	229,745
Education	546,050	-	-	546,050	516,848	-	-	516,848
Field house/ice rink activities	673,615	-	-	673,615	605,200	-	-	605,200
Physical	575,257	-	-	575,257	522,592	-	-	522,592
Aquatics	651,160	-	-	651,160	586,951	-	-	586,951
<b>Total Program Services</b>	<b>3,674,992</b>	<b>-</b>	<b>-</b>	<b>3,674,992</b>	<b>3,336,370</b>	<b>-</b>	<b>-</b>	<b>3,336,370</b>
<b>Supporting Services:</b>								
Management and general	488,921	-	-	488,921	498,662	-	-	498,662
Fundraising	364,977	-	-	364,977	344,792	-	-	344,792
<b>Total Supporting Services</b>	<b>853,898</b>	<b>-</b>	<b>-</b>	<b>853,898</b>	<b>843,454</b>	<b>-</b>	<b>-</b>	<b>843,454</b>
<b>TOTAL OPERATING EXPENSES (NOTE 2L)</b>	<b>4,528,890</b>	<b>-</b>	<b>-</b>	<b>4,528,890</b>	<b>4,179,824</b>	<b>-</b>	<b>-</b>	<b>4,179,824</b>
<b>NET OPERATING LOSS</b>	<b>(939,800)</b>	<b>(75,946)</b>	<b>-</b>	<b>(1,015,746)</b>	<b>(522,368)</b>	<b>(98,162)</b>	<b>-</b>	<b>(620,530)</b>
<b>NON-OPERATING ACTIVITIES</b>								
Investment activity (Notes 2M and 3)	638,595	183,695	-	822,290	870,687	285,506	-	1,156,193
Change in value of beneficial interest (Note 6)	-	-	7,425	7,425	-	-	13,235	13,235
<b>NET NON-OPERATING ACTIVITIES</b>	<b>638,595</b>	<b>183,695</b>	<b>7,425</b>	<b>829,715</b>	<b>870,687</b>	<b>285,506</b>	<b>13,235</b>	<b>1,169,428</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>(301,205)</b>	<b>107,749</b>	<b>7,425</b>	<b>(186,031)</b>	<b>348,319</b>	<b>187,344</b>	<b>13,235</b>	<b>548,898</b>
Net assets - beginning of year	23,296,766	3,455,501	341,591	27,093,858	22,948,447	3,268,157	328,356	26,544,960
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 22,995,561</b>	<b>\$ 3,563,250</b>	<b>\$ 349,016</b>	<b>\$ 26,907,827</b>	<b>\$ 23,296,766</b>	<b>\$ 3,455,501</b>	<b>\$ 341,591</b>	<b>\$ 27,093,858</b>

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

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

For the Year Ended June 30, 2018

	Program Services						Supporting Services			Total 2018	
	Individual and Family Outreach	Camp Simmons	Education	Field House/Ice Rink Activities	Physical	Aquatics	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 499,221	\$ 159,026	\$ 132,699	\$ 104,707	\$ 166,013	\$ 174,048	\$ 1,235,714	\$ 322,022	\$ 252,049	\$ 574,071	\$ 1,809,785
Payroll taxes and fringe benefits (Note 5)	115,129	36,674	30,603	24,147	38,285	40,138	284,976	74,264	58,127	132,391	417,367
	614,350	195,700	163,302	128,854	204,298	214,186	1,520,690	396,286	310,176	706,462	2,227,152
Scholarships and awards	-	-	134,000	-	-	-	134,000	-	-	-	134,000
Conferences and staff development	1,622	-	1,092	2,427	1,668	1,913	8,722	312	222	534	9,256
Insurance	13,313	-	8,959	19,914	13,685	15,701	71,572	2,559	1,822	4,381	75,953
Equipment rental and maintenance	2,368	2,811	3,485	7,748	5,324	6,109	27,845	996	709	1,705	29,550
National, state and local dues (Note 8)	3,788	-	2,549	5,666	3,894	4,468	20,365	728	518	1,246	21,611
Occupancy	117,275	5,527	82,638	183,693	126,238	144,835	660,206	23,608	16,807	40,415	700,621
Postage and shipping	914	309	823	1,829	1,257	1,442	6,574	235	167	402	6,976
Printing and publications	4,155	1,572	3,854	8,566	5,887	6,754	30,788	1,101	784	1,885	32,673
Professional fees	54,872	1,148	37,698	83,797	57,588	66,071	301,174	10,769	7,667	18,436	319,610
Supplies and services	13,767	16,072	19,949	44,344	30,474	34,963	159,569	5,699	4,057	9,756	169,325
Telephone	1,919	734	1,786	3,969	2,728	3,130	14,266	510	363	873	15,139
Travel and transportation	5,216	314	3,721	8,272	5,685	6,522	29,730	1,063	757	1,820	31,550
Miscellaneous	3,502	2,159	3,809	8,468	5,819	6,676	30,433	1,088	775	1,863	32,296
Total expense before depreciation and in-kind expenses	837,061	226,346	467,665	507,547	464,545	512,770	3,015,934	444,954	344,824	789,778	3,805,712
Depreciation	124,551	20,759	76,115	166,068	110,712	138,390	636,595	41,518	13,839	55,357	691,952
Subtotal (excluding in-kind expenses)	961,612	247,105	543,780	673,615	575,257	651,160	3,652,529	486,472	358,663	845,135	4,497,664
<b>Add: In-Kind expenses (NOTE 11):</b>											
Donated goods	20,193	-	2,270	-	-	-	22,463	2,449	6,314	8,763	31,226
Subtotal in-kind expenses	20,193	-	2,270	-	-	-	22,463	2,449	6,314	8,763	31,226
<b>TOTAL EXPENSES</b>	<b>\$ 981,805</b>	<b>\$ 247,105</b>	<b>\$ 546,050</b>	<b>\$ 673,615</b>	<b>\$ 575,257</b>	<b>\$ 651,160</b>	<b>\$ 3,674,992</b>	<b>\$ 488,921</b>	<b>\$ 364,977</b>	<b>\$ 853,898</b>	<b>\$ 4,528,890</b>

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

For the Year Ended June 30, 2017

	Program Services						Supporting Services			Total 2017	
	Individual and Family Outreach	Camp Simmons	Education	Field House/Ice Rink Activities	Physical	Aquatics	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 434,651	\$ 158,154	\$ 134,402	\$ 108,624	\$ 161,545	\$ 168,682	\$ 1,166,058	\$ 338,300	\$ 222,107	\$ 560,407	\$ 1,726,465
Payroll taxes and fringe benefits (Note 5)	103,459	37,645	31,991	25,856	38,451	40,151	277,553	80,525	52,868	133,393	410,946
	538,110	195,799	166,393	134,480	199,996	208,833	1,443,611	418,825	274,975	693,800	2,137,411
Scholarships and awards	-	-	137,056	-	-	-	137,056	-	-	-	137,056
Conferences and staff development	166	-	112	248	171	196	893	32	23	55	948
Insurance	13,743	-	9,248	20,557	14,127	16,209	73,884	2,642	1,881	4,523	78,407
Equipment rental and maintenance	7,352	112	5,023	11,165	7,673	8,803	40,128	1,435	1,022	2,457	42,585
National, state and local dues (Note 8)	3,767	-	2,535	5,635	3,873	4,443	20,253	724	516	1,240	21,493
Occupancy	97,257	2,391	67,057	149,058	102,436	117,527	535,726	19,157	13,638	32,795	568,521
Postage and shipping	858	-	577	1,283	892	1,011	4,811	165	117	282	4,893
Printing and publications	5,349	242	3,763	8,364	5,748	6,595	30,061	1,075	765	1,840	31,901
Professional fees	36,201	-	24,361	54,151	37,214	42,696	194,623	6,960	4,954	11,914	206,537
Supplies and services	16,070	10,812	18,090	40,212	27,634	31,705	144,523	5,168	3,679	8,847	153,370
Telephone	1,144	927	1,394	3,098	2,129	2,442	11,134	398	283	681	11,815
Travel and transportation	9,693	35	6,546	14,552	10,000	11,474	52,300	1,870	1,331	3,201	55,501
Miscellaneous	4,669	-	3,142	6,984	4,800	5,507	25,102	898	639	1,537	26,639
Total expense before depreciation and in-kind expenses	734,379	210,318	445,297	449,787	416,683	457,441	2,713,905	459,349	303,823	763,172	3,477,077
Depreciation	116,560	19,427	71,231	155,413	103,609	129,510	595,750	38,853	12,951	51,804	647,554
Subtotal (excluding in-kind expenses)	850,939	229,745	516,528	605,200	520,292	586,951	3,309,655	498,202	316,774	814,976	4,124,631
<b>Add: In-Kind expenses (NOTE 11):</b>											
Donated goods	24,095	-	320	-	2,300	-	26,715	460	28,018	28,478	55,193
Subtotal in-kind expenses	24,095	-	320	-	2,300	-	26,715	460	28,018	28,478	55,193
<b>TOTAL EXPENSES</b>	<b>\$ 875,034</b>	<b>\$ 229,745</b>	<b>\$ 516,848</b>	<b>\$ 605,200</b>	<b>\$ 522,592</b>	<b>\$ 586,951</b>	<b>\$ 3,336,370</b>	<b>\$ 498,662</b>	<b>\$ 344,792</b>	<b>\$ 843,454</b>	<b>\$ 4,179,824</b>

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

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in total net assets	\$ (186,031)	\$ 548,898
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	691,952	647,554
Gain on disposal of property and equipment	(1,200)	(6,750)
Contributed assets	-	(7,500)
Change in value of beneficial interest in perpetual trust	(7,425)	(13,235)
Unrealized gain on investments	(53,747)	(847,442)
Realized gain on investment sales	(589,314)	(148,098)
Subtotal	(145,765)	173,427
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges and other receivables	(11,668)	(41,616)
Prepaid expenses and other assets	69,955	(29,203)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	142,363	(112,050)
Deferred revenue	38,514	58,188
<b>Net Cash Provided by Operating Activities</b>	<b>93,399</b>	<b>48,746</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(125,485)	(192,139)
Proceeds from property and equipment sales	1,200	6,750
Proceeds from investment sales	2,473,728	399,394
Purchases of investments	(2,367,238)	(224,014)
<b>Net Cash Used in Investing Activities</b>	<b>(17,795)</b>	<b>(10,009)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>75,604</b>	<b>38,737</b>
Cash and cash equivalents - beginning of year	532,813	494,076
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 608,417</b>	<b>\$ 532,813</b>

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



**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The Boys and Girls Club of Greenwich, Inc. (the “Club”), formerly Greenwich Boys and Girls Club Association, Incorporated, is a not-for-profit organization incorporated in the State of Connecticut. The Club is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

The first Boys Club had its beginnings in 1860 in Hartford, CT, in response to several women believing that boys who roamed the streets should have a positive alternative. Many had lost their fathers in the Civil War. Then, in 1910, a group of dedicated Greenwich residents founded the Greenwich Boys Club in order to help young boys from disadvantaged circumstances develop good character primarily through athletic and recreational programs. In 1985, the Greenwich Club opened its doors to girls and shortly thereafter officially changed its name to Greenwich Boys and Girls Club Association, Incorporated.

The Club is focused on meeting the needs of the community, state and nation, by serving children. The Club is committed to offering children high-quality education programs, a diverse community, a sense of character and citizenship, and a safe, nurturing, and affordable environment, to better their chances at finding success in life. The Club’s staff and board are solely focused on fulfilling its mission to: “prepare young people, through enrichment opportunities and supportive relationships, to be responsible, caring and productive members.” Some of the Club’s activities include: an athletic program which includes in-house sports leagues, a swimming pool, the Torch Club and Keystone Club; a homework help program, which includes: a learning center classroom, computer center and tutoring center, a summer day camp, swimming lessons and swim teams. The Club’s programs are supported primarily by grants and contributions, fundraising activities, membership dues and program fees. Approximately 53% of Club’s operating income is derived from grants and contributions; 21% is from fundraising events; 22% is from program-related dues and fees; the other 4% is from investment returns and other miscellaneous income.

The Club is a charter member of the national Boys & Girls’ Club of America.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. The Club’s financial statements have been prepared on the accrual basis of accounting. The Club adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. The Club considers as cash equivalents all highly liquid investments, which can be converted into cash and have a maturity period of ninety days or less at the time of purchase.
- C. The Club maintains its net assets under the following classes:
  - Unrestricted – represents net assets not subject to donor-imposed stipulations and that have no time restrictions. This is available for support of the Club’s operations over which the Board of Directors (the “Board”) has discretionary control.
  - Temporarily Restricted – represents net assets resulting from contributions and other inflows of assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Club pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reported in the statements of activities as net assets released from restrictions.
  - Permanently Restricted – represents net assets subject to donor-imposed stipulations that they be maintained permanently by the Club. Generally, the donors of these assets permit the Club to use all or part of the income earned on related investments for unrestricted or donor-specified purposes.
- D. The preparation 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 certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- E. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The Club capitalizes property and equipment with a cost of \$1,000 or higher and useful life of one year or more.
- F. The Club receives contributed goods and services. The Club generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Club with specific assistance programs, campaign solicitations and various committee assignments. These services do not meet the criteria of recognition and therefore are not reflected in the accompanying statements of activities. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services also include the value of donated advertising, which are recorded as contributions at their estimated fair market value (based on the market size, day, time and length of the air promotion) as of the date of the donation.
- G. Program service revenue fees received which relate to programs of subsequent periods are recorded as deferred revenue and recognized as income in the period the program is conducted. Membership dues are recognized as income ratably over the membership term.
- H. Expenses are allocated based on their functional purposes among the Club's various program and supporting services. Expenses which can be identified with a specific program or supporting activity are allocated directly to that activity. Other expenses that are common to several functions are allocated among the programs and supporting services benefited based upon management estimates.
- I. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
- J. The Club determined that no allowance for doubtful accounts was necessary as of June 30, 2018 and 2017, regarding its pledges and other receivables. Such determination was based on a combination of factors, such as management's assessment of the creditworthiness of its donors, a review of individual accounts outstanding, the aged basis of its receivables and historical experience. Pledges and other receivables as of June 30, 2018 and 2017 are due within one year.
- K. Bequests are recorded as income by the Club when the will has cleared probate and the sum is certain.
- L. The Club includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment income allocation and all contributions except for those that have been permanently restricted by donors. Investment income earned in excess of (or less than) the Club's aggregate spending amount, contributions to permanently restricted net assets and other non-operating gains or losses are recognized as non-operating activities.
- M. Investments are carried at fair value. Unrealized and realized gains and losses are recognized as changes in net assets in the period in which they occur, and investment income is recognized as revenue in the period earned. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels as described in Note 7.

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. The Club believes it has no uncertain tax positions as of June 30, 2018 and 2017 in accordance with Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 3 – INVESTMENTS**

Investments consist of the following as of June 30:

	2018	2017
Mutual funds:		
Domestic equity	\$ 5,736,272	\$ 5,111,001
Fixed income	3,761,325	3,931,022
International equity	2,793,872	2,712,875
	\$ 12,291,469	\$ 11,754,898

Investments are subject to market volatility that could substantially change their value in the near term. The Club’s investment return spending policy is discretionary. During the years ended June 30, 2018 and 2017, the distribution for current spending limit policy was up to 5% of the ten-quarter average of the fair value of the Club’s investment portfolio.

Investment activities consist of the following for the years ended June 30:

	2018	2017
Interest and dividends	\$ 250,509	\$ 223,882
Unrealized gain(loss)	53,747	847,442
Realized gain(loss)	589,314	148,098
	\$ 893,570	\$ 1,219,422
Amount considered operating	\$ 71,280	\$ 63,229
Amount considered non-operating	822,290	1,156,193
	\$ 893,570	\$ 1,219,422

Investments representing 10 percent or more of the total investments held by the Club as of June 30 are as follows:

	2018		2017	
	Percentage	Fair Value	Percentage	Fair Value
Vanguard 500 Index Fund Adm - Signal shares	36.04%	\$ 4,429,836	33.70%	\$ 3,961,903
Vanguard Short-term Federal Fund	15.68%	1,927,565	17.10%	2,009,581
Vanguard Total International Stock Index	-	-	16.21%	1,905,748
Vanguard Short-term Bond Index	14.92%	1,833,760	16.35%	1,921,442

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
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**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Land	\$ 19,872	\$ 19,872	
Building and improvements	20,199,143	20,199,143	10-40 years
Camp buildings and equipment	1,026,888	1,026,888	5-10 years
Furniture and equipment	1,057,637	1,042,366	5-10 years
Automobiles and buses	223,968	238,603	5-7 years
Construction in progress (see below)	<u>49,950</u>	<u>49,950</u>	
Subtotal	22,577,458	22,576,822	
Less: accumulated depreciation	<u>(8,478,435)</u>	<u>(7,911,332)</u>	
Net book value	<u>\$ 14,099,023</u>	<u>\$ 14,665,490</u>	

For the year ended June 30, 2017, the Club received contributed assets totaling \$7,500. See Note 11.

Depreciation expense amounted to \$691,952 and \$647,554 for the years ended June 30, 2018 and 2017, respectively.

Construction in progress is for certain developments for the Camp Simmons location. The construction has been put on hold temporarily.

**NOTE 5 – EMPLOYEE BENEFIT PLANS**

The Club is a participant in the Boys & Girls Clubs of America's Pension Plan (the "Plan"). The Plan is a defined contribution multi-employer pension plan, which provides retirement benefits based on the actual value of contributions at the time of retirement. An employee must be 21 years of age and must have completed 1 year of full-time employment before the employee becomes eligible to participate. For employees hired before June 30, 2009, the pension plan has 100 percent immediate vesting in the Club's contribution. For employees hired after June 30, 2009, the Plan grants 20% vesting when the employee completes two years of employment and adds another 20% vesting each year until the employee reaches six years of employment, at which point the employee is fully vested.

The Club contributed to the Plan 7% of the eligible employees' contribution for the years ended June 30, 2018 and 2017. Pension expense for the years ended June 30, 2018 and 2017 amounted to \$83,353 and \$70,415, respectively. The Plan's sponsor has no intent of withdrawing from the Plan.

The Club also offers a Section 403(b) retirement savings plan for its full-time employees. The Club may make discretionary contributions to the Plan on behalf of its participants. The Club made no contributions to this Plan during the years ended June 30, 2018 and 2017.

**NOTE 6 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Camp Simmons fund	\$ 1,705,577	\$ 1,654,406
Scholarship fund	<u>1,857,673</u>	<u>1,801,095</u>
Total temporarily restricted net assets	<u>\$ 3,563,250</u>	<u>\$ 3,455,501</u>

During the years ended June 30, 2018 and 2017, temporarily restricted net assets of \$209,000 and \$204,706 were released from restrictions by incurring expenses in satisfaction of the donor restrictions.

**BOYS AND GIRLS CLUB OF GREENWICH, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 6 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)**

Permanently restricted net assets consist of the following as of June 30:

	2018	2017
Jackson Trust	\$ 349,016	\$ 341,591

The permanently restricted endowment consists of a beneficial interest in a trust in which investment assets are held in perpetuity by a third-party trustee. The Club received the annual income of \$17,149 and \$17,359 for the years ended June 30, 2018 and 2017, respectively, which is unrestricted. Realized and unrealized appreciation remains part of the trust principal.

The Club is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). U.S. GAAP provides guidance on the net asset classifications of donor-restricted endowment funds of a not-for-profit organization that is subject to UPMIFA and also increases disclosure about the endowment funds. See Note 2C for how the Club maintains its net assets.

**NOTE 7 – FAIR VALUE MEASUREMENTS**

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Club utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. There were no Level 3 investments as of June 30, 2018 and 2017.

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
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**NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)**

Financial assets and liabilities carried at fair value as of June 30, 2018 are classified in the table in the two levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>ASSETS AT FAIR VALUE:</b>			
Investments			
Mutual funds:			
Europe stock	\$ 831,225	\$ -	\$ 831,225
Mid-cap blends	1,191,790	-	1,191,790
Short government funds	2,042,210	-	2,042,210
Short-term bonds	1,833,761	-	1,833,761
Foreign large blends	1,962,647	-	1,962,647
Large blends	<u>4,429,836</u>	<u>-</u>	<u>4,429,836</u>
	12,291,469	-	12,291,469
Assets held in perpetual trust	<u>-</u>	<u>349,016</u>	<u>349,016</u>
<b>TOTAL ASSETS AT FAIR VALUE:</b>	<u>\$ 12,291,469</u>	<u>\$ 349,016</u>	<u>\$ 12,640,485</u>

Financial assets and liabilities carried at fair value as of June 30, 2017 are classified in the table in the two levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>ASSETS AT FAIR VALUE:</b>			
Investments			
Mutual funds:			
Europe stock	\$ 807,126	\$ -	\$ 807,126
Mid-cap blends	1,044,293	-	1,044,293
Short government funds	2,114,386	-	2,114,386
Short-term bonds	1,921,442	-	1,921,442
Foreign large blends	1,905,748	-	1,905,748
Large blends	<u>3,961,903</u>	<u>-</u>	<u>3,961,903</u>
	11,754,898	-	11,754,898
Assets held in perpetual trust	<u>-</u>	<u>341,591</u>	<u>341,591</u>
<b>TOTAL ASSETS AT FAIR VALUE:</b>	<u>\$ 11,754,898</u>	<u>\$ 341,591</u>	<u>\$ 12,096,489</u>

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The Club is a charter member of the Boys & Girls Clubs of America. For the years ended June 30, 2018 and 2017, the Club paid \$13,912 and \$14,169, respectively, in dues to the national office, and \$83,353 and \$70,415 respectively, in pension contributions to the pension plan for which the Boys & Girls Clubs of America serves as trustee.

**BOYS AND GIRLS CLUB OF GREENWICH, INC.**  
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**NOTE 8 – RELATED PARTY TRANSACTIONS (Continued)**

During the years ended June 30, 2018 and 2017, certain members of the Club's Board of Directors contributed approximately \$774,000 and \$600,000, respectively, which have been included as a component of operating revenue and support. Amounts receivable from members of the Club's Board of Directors totaled approximately \$18,800 and \$20,000, as of June 30, 2018 and 2017, respectively.

**NOTE 9 – CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts with various financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of June 30, 2018 and 2017, the Club had cash accounts that exceeded the FDIC insurance limits by approximately \$400,000 and \$322,000, respectively.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

A. The Club leases certain equipment under agreements expiring through March 2023.

The approximate future minimum lease payments in the years subsequent to June 30, 2018 are as follows:

2019	\$ 11,000
2020	9,000
2021	2,000
2022	2,000
2023	<u>1,000</u>
	<u>\$ 25,000</u>

Rent expense amounted to approximately \$12,000, for the years ended June 30, 2018 and 2017, respectively.

B. The Club is a defendant in two legal actions relating to personal conduct occurring during the period from 1976 to 1984. The suit is in the early stages and the ultimate outcome cannot be currently estimated, as such, no provision has been made in the accompanying financial statements.

**NOTE 11 – IN-KIND CONTRIBUTIONS**

During the years ended June 30, 2018 and 2017, the Club received donated goods and awards and prizes for various events totaling \$31,226 and \$62,889, respectively, which have been reflected as in-kind contribution revenue and in-kind expenses in the accompanying financial statements. See also Note 4.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through January 14, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through January 14, 2019 that would require adjustment or disclosure in the financial statements.