



BOYS AND GIRLS CLUB OF GREENWICH, INC.

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2017 and 2016

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, 2017 AND 2016

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Marks Paneth LLP
4 Manhattanville Rd,
4th Floor, Suite 402
Purchase, NY 10577
P 914.524.9000
F 914.524.9185
markspaneth.com

New York
New Jersey
Pennsylvania
Washington, DC

M A R K S P A N E T H
ACCOUNTANTS & ADVISORS

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. which comprise the statements of financial position as of June 30, 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.

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, 2017 and 2016, 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.



Purchase, NY
December 1, 2017

BOYS AND GIRLS CLUB OF GREENWICH, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents (Notes 2B and 9)	\$ 532,813	\$ 494,076
Pledges and other receivables (Notes 2J, 2K, 2L and 8)	60,794	19,178
Investments, at fair value (Notes 2M, 3 and 7)	11,754,898	10,934,738
Prepaid expenses and other assets	112,808	83,605
Beneficial interest in perpetual trust (Notes 6 and 7)	341,591	328,356
Property and equipment, net (Notes 2E and 4)	14,665,490	15,113,405
TOTAL ASSETS	\$ 27,468,394	\$ 26,973,358
LIABILITIES		
Accounts payable and accrued expenses	\$ 185,607	\$ 297,657
Deferred revenue (Note 2G)	188,929	130,741
TOTAL LIABILITIES	374,536	428,398
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Note 2C)		
Unrestricted:		
Net investment in property and equipment	14,665,490	15,113,405
Operations	8,631,276	7,835,042
Total unrestricted	23,296,766	22,948,447
Temporarily restricted (Note 6)	3,455,501	3,268,157
Permanently restricted (Notes 6 and 7)	341,591	328,356
TOTAL NET ASSETS	27,093,858	26,544,960
TOTAL LIABILITIES AND NET ASSETS	\$ 27,468,394	\$ 26,973,358

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, 2017 AND 2016

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
OPERATING REVENUE AND SUPPORT:								
Contributions and fundraising (Notes 2I and 8)	\$ 1,702,850	\$ 43,315	\$ -	\$ 1,746,165	\$ 1,417,042	\$ 58,136	\$ -	\$ 1,475,178
Special events, net of cost of direct benefit to donors (\$136,069 and \$131,482 for 2017 and 2016, respectively)	504,742	-	-	504,742	563,722	-	-	563,722
In-Kind Contributions (Notes 2F and 11)	62,889	-	-	62,889	65,611	-	-	65,611
Grants	256,828	-	-	256,828	239,401	-	-	239,401
United Way of Greenwich	45,147	-	-	45,147	13,275	-	-	13,275
Club house fees and membership dues	431,520	-	-	431,520	481,733	-	-	481,733
Program service fees (Note 2G)	374,641	-	-	374,641	514,474	-	-	514,474
Miscellaneous income	56,774	-	-	56,774	42,984	-	-	42,984
Earnings from beneficial interest in perpetual trust (Note 6)	17,359	-	-	17,359	18,191	-	-	18,191
Transfer from investment income for operating (Notes 2M and 3)	-	63,229	-	63,229	-	82,124	-	82,124
Net assets released from restrictions (Note 6)	204,706	(204,706)	-	-	235,006	(235,006)	-	-
TOTAL OPERATING REVENUE AND SUPPORT (NOTE 2L)	3,657,456	(98,162)	-	3,559,294	3,591,439	(94,746)	-	3,496,693
OPERATING EXPENSES								
Program Services:								
Individual and family outreach	875,034	-	-	875,034	791,520	-	-	791,520
Camp Simmons	229,745	-	-	229,745	253,384	-	-	253,384
Education	516,848	-	-	516,848	526,626	-	-	526,626
Field house/ice rink activities	605,200	-	-	605,200	639,278	-	-	639,278
Physical	522,592	-	-	522,592	575,311	-	-	575,311
Aquatics	586,951	-	-	586,951	617,412	-	-	617,412
	<u>3,336,370</u>	<u>-</u>	<u>-</u>	<u>3,336,370</u>	<u>3,403,531</u>	<u>-</u>	<u>-</u>	<u>3,403,531</u>
Supporting Services:								
Management and general	498,662	-	-	498,662	483,805	-	-	483,805
Fundraising	344,792	-	-	344,792	369,191	-	-	369,191
	<u>843,454</u>	<u>-</u>	<u>-</u>	<u>843,454</u>	<u>852,996</u>	<u>-</u>	<u>-</u>	<u>852,996</u>
TOTAL OPERATING EXPENSES (NOTE 2L)	4,179,824	-	-	4,179,824	4,256,527	-	-	4,256,527
NET OPERATING LOSS	(522,368)	(98,162)	-	(620,530)	(665,088)	(94,746)	-	(759,834)
NON-OPERATING ACTIVITIES								
Investment activity (Notes 2M and 3)	870,687	285,506	-	1,156,193	(90,751)	(123,943)	-	(214,694)
Change in value of beneficial interest (Note 6)	-	-	13,235	13,235	-	-	(31,313)	(31,313)
NET NON-OPERATING ACTIVITIES	870,687	285,506	13,235	1,169,428	(90,751)	(123,943)	(31,313)	(246,007)
CHANGE IN TOTAL NET ASSETS	348,319	187,344	13,235	548,898	(755,839)	(218,689)	(31,313)	(1,005,841)
Net assets - beginning of year	22,948,447	3,268,157	328,356	26,544,960	23,704,286	3,486,846	359,669	27,550,801
NET ASSETS - END OF YEAR	\$ 23,296,766	\$ 3,455,501	\$ 341,591	\$ 27,093,858	\$ 22,948,447	\$ 3,268,157	\$ 328,356	\$ 26,544,960

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, 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	882	1,011	4,611	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
Add: In-Kind expenses (NOTE 11):											
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
TOTAL EXPENSES	\$ 875,034	\$ 229,745	\$ 516,848	\$ 605,200	\$ 522,592	\$ 586,951	\$ 3,336,370	\$ 498,662	\$ 344,792	\$ 843,454	\$ 4,179,824

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, 2016

For the Year Ended June 30, 2016

	Program Services						Supporting Services			Total 2016	
	Individual and Family Outreach	Camp Simmons	Education	Ice Rink Activities	Physical	Aquatics	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 359,533	\$ 169,388	\$ 148,823	\$ 122,361	\$ 187,562	\$ 181,962	\$ 1,169,629	\$ 322,941	\$ 240,917	\$ 563,858	\$ 1,733,487
Payroll taxes and fringe benefits (Note 5)	88,964	41,914	36,825	30,277	46,411	45,025	289,416	79,910	59,613	139,523	428,939
	448,497	211,302	185,648	152,638	233,973	226,987	1,459,045	402,851	300,530	703,381	2,162,426
Scholarships and awards	-	-	119,781	-	-	-	119,781	-	-	-	119,781
Conferences and staff development	1,756	-	1,182	2,626	1,805	2,071	9,440	338	240	578	10,018
Insurance	15,034	-	10,117	22,488	15,454	17,731	80,824	2,890	2,058	4,948	85,772
Equipment rental and maintenance	6,488	6	4,371	9,715	6,676	7,660	34,916	1,249	889	2,138	37,054
National, state and local dues (Note 8)	3,761	-	2,531	5,626	3,866	4,436	20,220	723	515	1,238	21,458
Occupancy	101,805	4,578	71,588	159,132	109,360	125,470	571,933	20,452	14,560	35,012	606,945
Postage and shipping	1,532	-	1,031	2,292	1,575	1,807	8,237	295	210	505	8,742
Printing and publications	6,495	228	4,524	10,055	6,910	7,928	36,140	1,292	920	2,212	38,352
Professional fees	42,640	-	28,694	63,783	43,833	50,290	229,240	8,626	5,836	14,462	243,702
Supplies and services	15,331	13,970	19,718	43,830	30,121	34,558	157,528	5,633	4,010	9,643	167,171
Telephone	1,720	451	1,461	3,247	2,231	2,560	11,670	417	297	714	12,384
Travel and transportation	6,199	157	4,278	9,509	6,535	7,497	34,175	1,222	870	2,092	36,267
Miscellaneous	3,427	788	2,835	6,307	4,335	4,973	22,665	809	576	1,385	24,050
Total expense before depreciation and in-kind expenses	654,685	231,480	457,759	491,248	466,674	493,968	2,795,814	446,797	331,511	778,308	3,574,122
Depreciation	111,023	18,504	67,847	148,030	98,687	123,359	567,450	37,008	12,336	49,344	616,794
Subtotal (excluding in-kind expenses)	765,708	249,984	525,606	639,278	565,361	617,327	3,363,264	483,805	343,847	827,652	4,190,916
Add: In-Kind expenses (NOTE 11):											
Other professional fees	-	-	-	-	-	-	-	-	-	-	-
Donated goods	25,812	3,400	1,020	-	9,950	85	40,267	-	18,690	18,690	58,957
Events awards and prizes	-	-	-	-	-	-	-	-	6,654	6,654	6,654
Subtotal in-kind expenses	25,812	3,400	1,020	-	9,950	85	40,267	-	25,344	25,344	65,611
TOTAL EXPENSES	\$ 791,520	\$ 253,384	\$ 526,626	\$ 639,278	\$ 575,311	\$ 617,412	\$ 3,403,531	\$ 483,805	\$ 369,191	\$ 852,996	\$ 4,256,527

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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	\$ 548,898	\$ (1,005,841)
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	647,554	616,793
Gain on disposal of property and equipment	(6,750)	-
Contributed assets	(7,500)	-
Change in value of beneficial interest in perpetual trust	(13,235)	31,313
Unrealized (gain) loss on investments	(847,442)	348,988
Realized (gain) loss on investment sales	(148,098)	64,962
Subtotal	173,427	56,215
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges and other receivables	(41,616)	(2,449)
Prepaid expenses and other assets	(29,203)	(28,623)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(112,050)	116,404
Deferred revenue	58,188	1,707
Net Cash Provided by Operating Activities	48,746	143,254
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(192,139)	(115,608)
Proceeds from property and equipment sales	6,750	-
Proceeds from investment sales	399,394	3,380,480
Purchases of investments	(224,014)	(3,585,664)
Net Cash Used in Investing Activities	(10,009)	(320,792)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,737	(177,538)
Cash and cash equivalents - beginning of year	494,076	671,614
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 532,813	\$ 494,076

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

BOYS AND GIRLS CLUB OF GREENWICH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 the 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: “enable all young people, especially those who need us most, to realize their full potential as productive, caring, responsible citizens.” 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 60% of Club’s operating income is derived from grants and contributions; 14% is from fundraising events; 23% is from program-related dues and fees; the other 3% is from investment returns.

The Club is a charter member of the national Boys and 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 highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
- 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, 2017 AND 2016

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, 2017 and 2016, 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.
- 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, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- N. The Club believes it has no uncertain tax positions as of June 30, 2017 and 2016 in accordance with Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- O. Certain items in the June 30, 2016 financial statements have been reclassified to conform with the June 30, 2017 presentation. These reclassifications had no impact on the change in net assets for the year ended June 30, 2017.

NOTE 3 – INVESTMENTS

Investments consist of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mutual funds:		
Domestic equity	\$ 5,111,001	\$ 4,694,047
Fixed income	3,931,022	1,781,954
International equity	<u>2,712,875</u>	<u>1,943,267</u>
	<u>11,754,898</u>	<u>8,419,268</u>
Money market funds:		
JP Morgan Chase municipal money market	<u>-</u>	<u>2,515,470</u>
	<u>\$ 11,754,898</u>	<u>\$ 10,934,738</u>

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, 2017 and 2016, 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 223,882	\$ 281,380
Unrealized gain(loss)	847,442	(348,988)
Realized gain(loss)	<u>148,098</u>	<u>(64,962)</u>
	<u>\$ 1,219,422</u>	<u>\$ (132,570)</u>
Amount considered operating	\$ 63,229	\$ 82,124
Amount considered non-operating	<u>1,156,193</u>	<u>(214,694)</u>
	<u>\$ 1,219,422</u>	<u>\$ (132,570)</u>

BOYS AND GIRLS CLUB OF GREENWICH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 – INVESTMENTS (Continued)

Investments representing 10 percent or more of the total investments held by the Club as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Percentage</u>	<u>Fair Value</u>	<u>Percentage</u>	<u>Fair Value</u>
Vanguard 500 Index Fund Adm - Signal shares	33.70%	3,961,903	34.5%	3,774,431
Vanguard Short-term Federal Fund	17.10%	2,009,581	13.7%	1,494,195
Vanguard Total International Stock Index	16.21%	1,905,748	13.17%	1,440,206
Vanguard Short-term Bond Index	16.35%	1,921,442	-	-
JP Morgan Chase Municipal Money Market	-	-	23.0%	2,515,470

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</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	1,042,366	933,744	5-10 years
Automobiles and buses	238,603	183,497	5-7 years
Construction in progress (see below)	49,950	49,950	
Subtotal	<u>22,576,822</u>	<u>22,413,094</u>	
Less: accumulated depreciation	<u>(7,911,332)</u>	<u>(7,299,689)</u>	
Net book value	<u>\$ 14,665,490</u>	<u>\$ 15,113,405</u>	

Depreciation expense amounted to \$647,554 and \$616,793 for the years ended June 30, 2017 and 2016, 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 and Girls Club 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, 2017 and 2016. Pension expense for the years ended June 30, 2017 and 2016 amounted to \$70,415 and \$99,938, 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, 2017 and 2016.

BOYS AND GIRLS CLUB OF GREENWICH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Camp Simmons fund	\$ 1,654,406	\$ 1,545,875
Scholarship fund	<u>1,801,095</u>	<u>1,722,282</u>
Total temporarily restricted net assets	<u>\$ 3,455,501</u>	<u>\$ 3,268,157</u>

During the year ended June 30, 2017 and 2016, temporarily restricted net assets of \$204,706 and \$235,006 were released from restrictions by incurring expenses in satisfaction of the donor restrictions.

Permanently restricted net assets consist of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Jackson Trust	<u>\$ 341,591</u>	<u>\$ 328,356</u>

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 \$17,359 and \$18,191 for the years ended June 30, 2017 and 2016, respectively, which is unrestricted. Realized and unrealized appreciation remains part of trust principal.

The Club is subject to the enacted version of the Uniform Prudent Management of 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 equities and 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. There were no Level 3 investments as of June 30, 2017 and 2016.

BOYS AND GIRLS CLUB OF GREENWICH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

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>
ASSETS AT FAIR VALUE:			
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	3,961,903	-	3,961,903
	<u>11,754,898</u>	<u>-</u>	<u>11,754,898</u>
Assets held in perpetual trust	<u>-</u>	<u>341,591</u>	<u>341,591</u>
TOTAL ASSETS AT FAIR VALUE:	<u>\$ 11,754,898</u>	<u>\$ 341,591</u>	<u>\$ 12,096,489</u>

Financial assets and liabilities carried at fair value as of June 30, 2016 are classified in the table in the two levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
ASSETS AT FAIR VALUE:			
Investments			
Mutual funds:			
Equity energy	\$ 477,316	\$ -	\$ 477,316
Europe stock	503,061	-	503,061
Mid-cap blends	442,300	-	442,300
Short government funds	1,587,245	-	1,587,245
Short-term bonds	194,709	-	194,709
Foreign large blends	1,440,206	-	1,440,206
Large blends	3,774,431	-	3,774,431
	<u>8,419,268</u>	<u>-</u>	<u>8,419,268</u>
Money market funds:	2,515,470	-	2,515,470
Assets held in perpetual trust	<u>-</u>	<u>328,356</u>	<u>328,356</u>
TOTAL ASSETS AT FAIR VALUE:	<u>\$ 10,934,738</u>	<u>\$ 328,356</u>	<u>\$ 11,263,094</u>

BOYS AND GIRLS CLUB OF GREENWICH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 8 – RELATED PARTY TRANSACTIONS

The Club is a charter member of the Boys' and Girls' Clubs of America. For the years ended June 30, 2017 and 2016, the Club paid \$14,169 and \$13,407, respectively, in dues to the national office, and \$70,415 and \$99,938 respectively, in pension contributions to the pension plan for which the Boys' and Girls' Club of America serves as trustee.

During the years ended June 30, 2017 and 2016, certain members of the Club's Board of Directors contributed approximately \$600,000 and \$717,000, 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 \$20,000 and \$ -0-, as of June 30, 2017 and 2016, 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, 2017 and 2016, the Club had cash accounts that exceeded the FDIC insurance limits by approximately \$322,000 and \$267,000, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. The Club leases certain equipment under agreements expiring through March 2020.

The approximate future minimum lease payments as of June 30, 2017 are as follows:

2018	\$ 9,900
2019	8,900
2020	<u>6,700</u>
	<u>\$ 25,500</u>

Rent expense amounted to approximately \$12,000, for the years ended June 30, 2017 and 2016, respectively.

B. The Club is a defendant in a legal action. The suit is in the early stages and as such no provision has been made in the accompanying financial statements.

NOTE 11 – IN-KIND CONTRIBUTIONS

During the years ended June 30, 2017 and 2016, the Club received donated goods and awards and prizes for various events totaling \$62,889 and \$65,611, respectively, which have been reflected as in-kind contribution revenue in the accompanying financial statements.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statements of financial position through December 1, 2017, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through December 1, 2017 that would require adjustment or disclosure in the financial statements.