

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.**

Audited Financial Statements

For the Years Ended June 30, 2015 and 2014

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### **Independent Auditor's Report on Basic Financial Statements**

Board of Directors  
Boys & Girls Clubs of the Suncoast, Inc.

We have audited the accompanying financial statements of Boys & Girls Clubs of the Suncoast, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 & Girls Clubs of the Suncoast, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Barton, Gonzalez & Myers, P.A.*  
Barton, Gonzalez & Myers, P.A.  
Largo, Florida

December 17, 2015

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.  
STATEMENTS OF FINANCIAL POSITION**

As of June 30, 2015 and 2014

	2015			2014		
	Unrestricted Fund	Temporarily Restricted Fund	Total All Funds	Unrestricted Fund	Temporarily Restricted Fund	Total All Funds
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 385,166	\$ 0	\$ 385,166	\$ 382,339	\$ 0	\$ 382,339
Grants receivable	298,253	0	298,253	116,480	0	116,480
Pledge receivable, current portion	0	0	0	0	4,050	4,050
In-kind lease receivable, current portion	0	44,916	44,916	0	34,608	34,608
Split-interest trust receivable	0	0	0	0	36,538	36,538
Prepaid expenses	46,299	0	46,299	35,372	0	35,372
Total current assets	<u>729,718</u>	<u>44,916</u>	<u>774,634</u>	<u>534,191</u>	<u>75,196</u>	<u>609,387</u>
Property and equipment, net	2,165,621	0	2,165,621	2,027,737	0	2,027,737
In-kind lease receivable, long-term portion	0	65,349	65,349	0	58,725	58,725
Other Assets	<u>7,073</u>	<u>0</u>	<u>7,073</u>	<u>7,073</u>	<u>0</u>	<u>7,073</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,902,412</u></b>	<b>\$ <u>110,265</u></b>	<b>\$ <u>3,012,677</u></b>	<b>\$ <u>2,569,001</u></b>	<b>\$ <u>133,921</u></b>	<b>\$ <u>2,702,922</u></b>
<b>LIABILITIES AND NET ASSETS</b>						
Current Liabilities:						
Accounts payable	\$ 38,644	\$ 0	\$ 38,644	\$ 27,246	\$ 0	\$ 27,246
Accrued expenses	86,186	0	86,186	64,344	0	64,344
Deferred revenue	10,000	0	10,000	28,380	0	28,380
Current portion of long-term debt	<u>87,929</u>	<u>0</u>	<u>87,929</u>	<u>45,413</u>	<u>0</u>	<u>45,413</u>
Total current liabilities	<u>222,759</u>	<u>0</u>	<u>222,759</u>	<u>165,383</u>	<u>0</u>	<u>165,383</u>
Long-term debt	<u>446,029</u>	<u>0</u>	<u>446,029</u>	<u>591,673</u>	<u>0</u>	<u>591,673</u>
<b>TOTAL LIABILITIES</b>	<b>668,788</b>	<b>0</b>	<b>668,788</b>	<b>757,056</b>	<b>0</b>	<b>757,056</b>
Net Assets						
Unrestricted	2,233,624	0	2,233,624	1,811,945	0	1,811,945
Temporarily restricted	<u>0</u>	<u>110,265</u>	<u>110,265</u>	<u>0</u>	<u>133,921</u>	<u>133,921</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,233,624</u></b>	<b><u>110,265</u></b>	<b><u>2,343,889</u></b>	<b><u>1,811,945</u></b>	<b><u>133,921</u></b>	<b><u>1,945,866</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,902,412</u></b>	<b>\$ <u>110,265</u></b>	<b>\$ <u>3,012,677</u></b>	<b>\$ <u>2,569,001</u></b>	<b>\$ <u>133,921</u></b>	<b>\$ <u>2,702,922</u></b>

See accompanying notes to financial statements.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.  
STATEMENTS OF ACTIVITIES**

**For the Years Ended June 30, 2015 and 2014**

	2015			2014		
	Unrestricted Fund	Temporarily Restricted Fund	Total All Funds	Unrestricted Fund	Temporarily Restricted Fund	Total All Funds
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Public Support:						
Contributions	\$ 372,888	\$ 113,148	\$ 486,036	\$ 185,098	\$ 40,588	\$ 225,686
Fees and grants	1,367,705	0	1,367,705	1,204,165	0	1,204,165
Special events, net of expenses of \$55,302 for 2015 and \$26,439 for 2014	120,655	0	120,655	144,732	0	144,732
United Way	363,734	0	363,734	396,922	0	396,922
Other revenue	12,816	0	12,816	7,155	0	7,155
Total Public Support	<u>2,237,798</u>	<u>113,148</u>	<u>2,350,946</u>	<u>1,938,072</u>	<u>40,588</u>	<u>1,978,660</u>
Revenue:						
Membership dues	6,900	0	6,900	7,211	0	7,211
Program revenue	82,432	0	82,432	78,945	0	78,945
Total Revenue	<u>89,332</u>	<u>0</u>	<u>89,332</u>	<u>86,156</u>	<u>0</u>	<u>86,156</u>
Net Assets Released From Restrictions						
Satisfaction of usage restrictions	136,804	(136,804)	0	94,916	(94,916)	0
Total Support and Revenue	<u>2,463,934</u>	<u>(23,656)</u>	<u>2,440,278</u>	<u>2,119,144</u>	<u>(54,328)</u>	<u>2,064,816</u>
<b>EXPENSES:</b>						
Program Services (Youth Development)	1,673,980	0	1,673,980	1,502,563	0	1,502,563
Management and General	216,881	0	216,881	190,647	0	190,647
Fundraising	151,394	0	151,394	125,315	0	125,315
Total Expenses	<u>2,042,255</u>	<u>0</u>	<u>2,042,255</u>	<u>1,818,525</u>	<u>0</u>	<u>1,818,525</u>
Change in Net Assets	421,679	(23,656)	398,023	300,619	(54,328)	246,291
<b>Net Assets, Beginning of Year</b>	<u>1,811,945</u>	<u>133,921</u>	<u>1,945,866</u>	<u>1,511,326</u>	<u>188,249</u>	<u>1,699,575</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,233,624</u>	<u>\$ 110,265</u>	<u>\$ 2,343,889</u>	<u>\$ 1,811,945</u>	<u>\$ 133,921</u>	<u>\$ 1,945,866</u>

See accompanying notes to financial statements.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

For the Years Ended June 30, 2015 and 2014

	2015					2014				
	Program Services (Youth Development)	Management & General	Fund-Raising	Total Support Services	Total Functional Expenses	Program Services (Youth Development)	Management & General	Fund-Raising	Total Support Services	Total Functional Expenses
<b>Salaries and related expenses:</b>										
Salaries	\$ 721,425	\$ 66,431	\$ 83,999	\$ 150,430	\$ 871,855	\$ 696,341	\$ 74,739	\$ 72,462	\$ 147,201	\$ 843,542
Employee Benefits	84,396	4,936	6,241	11,177	95,573	48,549	5,553	5,384	10,937	59,486
Payroll taxes	72,073	7,487	9,467	16,954	89,027	64,473	8,423	8,166	16,589	81,062
<b>Total salaries &amp; related expenses</b>	<b>877,894</b>	<b>78,854</b>	<b>99,707</b>	<b>178,561</b>	<b>1,056,455</b>	<b>809,363</b>	<b>88,715</b>	<b>86,012</b>	<b>174,727</b>	<b>984,090</b>
<b>Other Expenses:</b>										
Professional fees	21,446	6,955	8,303	15,258	36,704	27,043	4,690	4,655	9,345	36,388
Contract services	123,472	17,231	11,757	28,988	152,460	8,978	23,192	11,829	35,021	43,999
Interest expense	24,997	3,711	298	4,009	29,006	29,940	1,402	1,650	3,052	32,992
Depreciation	99,730	5,249	1,832	7,081	106,811	89,975	4,735	762	5,497	95,472
Supplies	7,639	3,893	2,454	6,347	13,986	8,131	753	2,216	2,969	11,100
Telephone	13,997	3,607	5,997	9,604	23,601	15,898	2,983	1,637	4,620	20,518
Postage & freight	691	130	211	341	1,032	1,135	220	229	449	1,584
Occupancy	87,070	22,148	3,908	26,056	113,126	96,216	15,919	2,809	18,728	114,944
Equipment expense	17,106	1,016	109	1,125	18,231	29,632	2,247	1,973	4,220	33,852
Printing & publications	1,697	748	4,169	4,917	6,614	1,764	1,144	1,695	2,839	4,603
Repairs & maintenance	76,862	8,540	0	8,540	85,402	65,263	9,953	486	10,439	75,702
Travel & training	16,005	3,899	2,178	6,077	22,082	19,569	5,062	2,945	8,007	27,576
Membership dues	471	104	75	179	650	962	88	35	123	1,085
Development	1,919	262	0	262	2,181	880	120	0	120	1,000
National and state dues	5,307	7,314	2,228	9,542	14,849	8,183	1,875	457	2,332	10,515
Insurance	49,820	2,622	2,079	4,701	54,521	66,716	3,511	611	4,122	70,838
Vehicle expenses	47,741	13,612	4,535	18,147	65,888	61,704	6,540	1,529	8,069	69,773
Trophies & awards	6,333	333	0	333	6,666	8,774	462	870	1,332	10,106
Licenses & fees	3,831	202	0	202	4,033	3,343	593	74	667	4,010
Youth development	38,219	2,125	20	2,145	40,364	28,537	1,730	41	1,771	30,308
Office	12,253	645	0	645	12,898	3,184	6,728	1,169	7,897	11,081
Utilities	67,518	4,023	603	4,626	72,144	61,425	3,268	490	3,758	65,183
Materials/Services - Inkind	62,468	28,904	334	29,238	91,706	9,632	0	0	0	9,632
Other expenses	6,503	346	597	943	7,446	7,509	399	679	1,078	8,587
Field trips & food	2,105	287	0	287	2,392	9,067	1,232	4	1,236	10,303
Loss on disposal	0	0	0	0	0	7,567	1,032	0	1,032	8,599
Bad debts	0	0	0	0	0	22,153	2,051	458	2,509	24,662
Internet	886	121	0	121	1,007	20	3	0	3	23
<b>Total other expenses</b>	<b>796,086</b>	<b>138,027</b>	<b>51,687</b>	<b>189,714</b>	<b>985,800</b>	<b>693,200</b>	<b>101,932</b>	<b>39,303</b>	<b>141,235</b>	<b>834,435</b>
<b>Total expenses</b>	<b>\$ 1,673,980</b>	<b>\$ 216,881</b>	<b>\$ 151,394</b>	<b>\$ 368,275</b>	<b>\$ 2,042,255</b>	<b>\$ 1,502,563</b>	<b>\$ 190,647</b>	<b>\$ 125,315</b>	<b>\$ 315,962</b>	<b>\$ 1,818,525</b>

See accompanying notes to financial statements.

**BOYS & GIRLS CLUBS OF THE SUNCOAST, INC.  
STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 398,023	\$ 246,291
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	106,811	95,472
Loss on disposal of fixed assets	0	8,599
Income from capital lease forgiveness	0	0
(Increase) Decrease in:		
Grants receivable	(181,773)	36,060
Pledges receivable	4,050	613
In-kind lease receivable	(16,932)	44,916
Split-interest trust receivable	36,538	(36,538)
Prepaid expenses	(10,927)	(18,118)
Other assets	0	(4,073)
Increase (Decrease) in:		
Accounts payable	11,398	380
Accrued expenses	21,842	(4,429)
Deferred revenue	(18,380)	28,380
Total Adjustments	(47,373)	151,262
Net cash provided by operating activities	350,650	397,553
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(142,818)	(127,212)
Net cash used by investing activities	(142,818)	(127,212)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net capital lease obligation payments	0	(17,023)
Repayment of long term debt	(205,005)	(76,754)
Net cash used by financing activities	(205,005)	(93,777)
<b>NET INCREASE IN CASH</b>	2,827	176,564
<b>CASH AT BEGINNING OF YEAR</b>	382,339	205,775
<b>CASH AT END OF YEAR</b>	\$ 385,166	\$ 382,339
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ 29,006	\$ 32,992

**NON-CASH FINANCING ACTIVITIES:**

During the year ended June 30, 2015, two vehicles (minibus) were purchased in the amount of \$107,567 of which \$101,881 was financed through notes payable.

During the year ended June 30, 2014, a vehicle (minibus) was purchased in the amount of \$53,658 of which \$45,000 was financed through a note payable.

See accompanying notes to financial statements.

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a). General - The Boys & Girls Organizations of the Suncoast, Inc. ("the Organization") is a not-for-profit organization incorporated in the State of Florida on December 20, 1991. The Organization operated originally as The Boys Organizations and was incorporated in the State of Florida on May 20, 1970. The Organization's mission is to help youth of all backgrounds, with special emphasis on helping those from disadvantaged circumstances, whether social, economic, educational, physical, or cultural, to develop the qualities needed to become responsible citizens and leaders. Organization programs and activities are dedicated to promoting leadership, character, health, and career development, while emphasizing social, cultural, and educational growth. The Organization is supported primarily through private donor contributions, grants and contracts from government agencies.

b). Basis of Presentation - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net Assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* – include net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – include gifts for which donor-imposed restrictions have not been met, and trust activities and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

c). Contributions, Promises to Give, Grants and Grants Receivable - As a not-for-profit organization, the Organization is required to measure contributions received and unconditional promises to give at their fair value and report them as increases in net assets immediately, even if the donor has restricted their use and the restriction will be met in future periods. As a result, contributions are recorded immediately either as an increase in unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets, depending on the nature of the donor restrictions, if any.

Unconditional promises to give ("pledges receivable") 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. Conditional promises to give are not included in support until the conditions are met.

Grants are recorded as support when performance occurs under the terms of the grant agreement, unless they are determined to be contributions or promises to give.

Contributed property and equipment (if any) is recorded as unrestricted support at its fair value at the date of donation as determined by the Organization. If donors stipulate how long the asset is to be used, the contributions are recorded as restricted support.

Donated supplies, materials, publications, etc. are recorded as unrestricted contributions in the period received at fair value. Only such assets with determinable fair values are recorded.

Contributed use of facilities is recorded as support at its fair rental value during the period the contribution is received. Contributed services that require specialized skill (attorneys, accountants, counselors, etc.) are recorded in the Statement of Activities as unrestricted support at their fair value. A number of unpaid volunteers, including board members, have made significant contributions of their time to develop the Organization's programs and special events. The value of this contributed time is not reflected in the Statement of Activities since it is not susceptible to objective measurement or valuation.



**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

d). Property and Equipment - Property and equipment are carried at cost, if purchased, or at estimated fair market value at date of receipt, if acquired by gift. Expenditures in excess of \$2,000 with an estimated useful life greater than one year are capitalized. Property and equipment are depreciated over their estimated useful lives (3 to 50 years) using the straight-line method. Leasehold improvements (if any) are depreciated over the effective life of the lease. Gifts of long-lived assets (if any) are reported as unrestricted support. Property acquired with governmental funds (if any) is considered to be owned by the Organization while used in the program for which it was purchased or in other authorized programs; however, its disposition and the ownership of any proceeds is subject to government regulations.

e). Federal Income Taxes - No provision for income tax expense has been made in the accompanying financial statements since the Organization is exempt from income taxes under Internal Revenue Code (IRC) Section 501(a) as an IRC Section 501(c)(3) organization. In addition, the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. The Organization adopted the provisions of the FASB ASC 740, Income Taxes (formerly Interpretation 48 [FIN 48], "Accounting for Uncertain Tax Positions"). ASC 740 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Organization determined that during the years ended June 30, 2015 and 2014, ASC 740 did not have a material impact on its financial position, activities or cash flows.

The Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

f). Allowance for Doubtful Accounts - An allowance for doubtful accounts is considered unnecessary, as management considers all accounts to be collectible.

g). Statement of Functional Expenses – The following program and support services are included in the accompanying financial statements:

- Youth Development: Provides behavioral prudence and promotes the health, social, educational, vocational and character development of boys and girls as well as to develop in them a sense of belonging, competency and usefulness and a sense of one's own power of self-control.
- Management and General: Includes the functions necessary to maintain the Organization's programs and activities; provides coordination and articulation of the Organization's program strategy through the office of the president; secures the proper administrative functioning of the Board of Directors; and manages the financial and budgetary responsibilities of the Organization.
- Fund Raising: Provides the structure necessary to encourage and secure public and private financial support from individuals, foundations, governmental agencies and corporations.

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted as shown in the Statement of Functional Expenses for the years ended June 30, 2015 and 2014.

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

h). Use of Estimates - 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. Accordingly, actual results could differ from those estimates.

i). Cash Equivalents - For purposes of the statement of cash flows, the Organization considers highly liquid investments purchased, including long-term certificates of deposit with a maturity of one year or less, to be cash equivalents.

**NOTE 2 – GRANTS RECEIVABLE**

Grants receivable as of June 30<sup>th</sup> are summarized as follows:

	June 30,	
	2015	2014
Boys & Girls Clubs of America	\$ 6,650	\$ 4,709
JWB	170,279	0
R'Club (CCC)	0	41,420
City of St. Petersburg	0	5,691
Florida Alliance of Boys and Girls Clubs	120,290	62,915
Miscellaneous	1,034	1,745
<b>Total Grants Receivable</b>	<b>\$298,253</b>	<b>\$116,480</b>

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable may be used for the payment of the Organization's general operating costs. The pledges receivable are summarized as follows:

	June 30, 2015		
	Unrestricted	Temporarily Restricted	Total
Receivable in less than one year	\$ 0	\$ 0	\$ 0
Receivable in one to five years	0	0	0
Total unconditional promises to give	0	0	0
Less discounts to net present value	0	0	0
<b>Net pledges receivable at year end</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 3 – PLEDGES RECEIVABLE (continued)**

	June 30, 2014		
	Unrestricted	Temporarily Restricted	Total
Receivable in less than one year	\$ 0	\$ 4,050	\$ 4,050
Receivable in one to five years	0	0	0
Total unconditional promises to give	0	4,050	4,050
Less discounts to net present value	0	0	0
Net pledges receivable at year end	\$ 0	\$ 4,050	\$ 4,050

**NOTE 4 – IN-KIND LEASE RECEIVABLE**

The Organization was given rent free (or below market) leases on certain properties where Clubs are located. The Organization recorded the market value of the facilities as contributions revenue (temporarily restricted) for the term of the leases when the leases were initiated. The balance on the in-kind lease receivables are as follows:

	June 30,	
	2015	2014
Current portion	\$ 44,916	\$ 34,608
Long-term portion	65,349	58,725
Total In-kind lease receivable	\$ 110,265	\$ 93,333

During the year ended June 30, 2015, the Organization increased the in-kind lease receivable by \$16,932 (new leases of \$113,148 less uses on the leases of \$96,216). The recognition (usage) on the in-kind leases for subsequent years is as follows:

<u>June 30,</u>	
2016	\$ 44,916
2017	44,916
2019	20,433
Total	\$ 110,265

**NOTE 5 – SPLIT-INTEREST RECEIVABLE**

The Organization was notified that it was a beneficiary (amongst other beneficiaries) in a split-interest arrangement in a charitable trust. The Organization was a 50% beneficiary of a \$100,000 trust (estimated at \$50,000 less attorney fees). The Organization recorded the contribution at the fair value of the contribution of \$38,538 as of June 30, 2014. As of June 30, 2014, a receivable of \$36,538 is recorded as a current asset in the financial statements. The amount was disbursed and was received by the Organization during the fiscal year ended June 30, 2015.

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30<sup>th</sup> is as follows:

	June 30,	
	2015	2014
Land	\$ 166,856	\$ 166,856
Buildings	2,113,368	2,053,633
Leasehold improvements	24,048	24,048
Furniture and equipment	836,469	651,509
Total	3,140,741	2,896,046
Less: Accumulated depreciation	(975,120)	(868,309)
Net property and equipment	\$ 2,165,621	\$ 2,027,737

Depreciation expense was \$106,811 and \$95,472 for the years ended June 30, 2015 and 2014, respectively.

The balance of \$2,113,368 in the building includes \$650,970 for the Royal Theater. This project was funded by a U.S. Department of Housing and Urban Development (“HUD”) Community Development Block Grant (“CDBG”) which is passed through the City of St. Petersburg. Among other CDBG requirements, the property is required to be used as an after school and summer activity center, providing health, social, educational, vocational, cultural arts, character and leadership development principally to low and moderate income households, as defined by HUD through December 31, 2053. A lien in the form of a mortgage (\$564,000) on the real property has been executed. No interest shall accrue as long as payment of the principal is deferred. If the Organization complies with the terms and conditions of the CDBG agreement, the lien established by the mortgage shall be forgiven on January 1, 2054. The CDBG proceeds were recognized as income at the time of receipt since management believes the likelihood of repayment is remote.

Buildings also include the cost (approximately \$618,000) of designing, consulting and various other costs for the remodeling of the Pinellas Park Club. The project was mostly funded by a CDBG grant passed through Pinellas County. Among other requirements, the Organization is required to operate the Pinellas Park Club as a youth center benefiting youth and that at least 51% of the persons benefiting from the activities be residents whose household income does not exceed 80% of the area median income. Also, the Organization is prohibited from selling or altering the property (without approval). These requirements are in effect for 20 years (April 2030).

**NOTE 7 – FAIR VALUE**

The carrying value of pledges receivable, grants receivable, notes payable, and long term-debt approximates its fair value at June 30, 2015 and 2014.

**NOTE 8 – LINE OF CREDIT**

During the year ended June 30, 2015, the Organization renewed a bank revolving line of credit agreement for \$250,000. The line of credit had a variable interest rate (2.0% above Lender’s Prime – the variable interest rate was 5.25% at June 30, 2015) and matures on May 15, 2016. The line of credit was secured by real property. The line of credit carried a \$0 balance (no amounts were drawn) as of June 30, 2015 and 2014, respectively.

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 9 – LONG-TERM DEBT**

Long-term debt at June 30, 2015 and 2014 consisted of the following:

	June 30,	
	2015	2014
<p>Note payable to bank (in the amount of \$668,840) carries an interest rate of 4.75%, with 120 monthly payments of principal and interest of \$5,221. The note matures on April 24, 2023. The loan is secured by a mortgage on real property at the Pinellas Park and Tarpon Springs clubs. From time to time the Organization has made additional principal payments above the amount required. As discussed in Note 18, this note payable was refinanced on November 17, 2015 (in the amount of \$407,056). The refinanced note is payable in monthly principal and interest payments of \$3,569 with interest of 1% with a final payment due and payable on November 17, 2020 in the amount of \$212,260. Collateralized by a mortgage on real property in Pinellas Park.</p>	\$ 419,359	\$ 599,948
<p>Promissory note to bank in the amount of \$45,000 dated September 12, 2013. The note carries and interest rate of 4.25% with 48 monthly payments of principal and interest payments of \$1,022. The note matures on September 12, 2017. The note is secured by a vehicle (micro bus). The note was paid off on October 30, 2015.</p>	26,254	37,138
<p>Promissory note to bank in the amount of \$45,377 dated August 25, 2014. The note carries and interest rate of 3.99% with 36 monthly payments of principal and interest payments of \$1,341. The note matures on August 25, 2017. The note is secured by a vehicle (micro bus).</p>	33,317	0
<p>Promissory note to bank in the amount of \$56,504 dated May 27, 2015. The note carries and interest rate of 3.99% with 36 monthly payments of principal and interest payments of \$1,670. The note matures on May 27, 2018. The note is secured by a vehicle (micro bus).</p>	55,028	0
	533,958	637,086
Less Current Portion	(87,929)	(45,413)
Long Term Portion	\$ 446,029	\$ 591,673

Maturities of long-term debt are as follows:

Year ending	
<u>June 30,</u>	
2016	\$ 87,929
2017	91,966
2018	71,391
2019	50,142
2020	52,585
Thereafter	179,945
Total	\$ 533,958

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of as of June 30, 2015 and 2014 are composed of the following:

	June 30,	
	2015	2014
Pledges receivable	\$ 0	\$ 4,050
Restricted contributions	0	0
In-kind leases receivable	110,265	93,333
Split-interest receivable	0	36,538
Total restricted net assets	\$ 110,265	\$ 133,921

**NOTE 11 – IN-KIND REVENUE & EXPENSE**

Included as support and expense are the following in-kind contributions:

	<u>2015</u>	<u>2014</u>
<u>In-kind revenues</u>		
Donated facilities	\$ 113,148	\$ 51,300
Donated supplies, materials and services	91,706	9,632
	\$ 204,854	\$ 60,932
<u>In-kind expenses</u>		
Donated facilities	\$ 96,216	\$ 96,216
Donated supplies, materials and services	91,706	9,632
	\$ 187,922	\$ 105,848

As discussed in NOTE 1, contributed assets, facilities and services are recorded at their estimated fair values.

**NOTE 12 – RENT EXPENSE & LEASE COMMITMENTS**

**OPERATING LEASES** - Rent expense in the amount of \$113,126 and \$114,944 was incurred during the year ended June 30, 2015 and 2014, respectively (this includes \$96,216 and \$96,216, respectively, of in-kind rent). The Company also rents equipment under operating leases. The aggregate future minimum lease payments under these operating leases for the next five years are as follows:

<u>June 30,</u>	
2016	\$ 14,049
2017	0
2018	0
2019	0
2020	0

See also Note 4 "In-kind Lease Receivable" which are not considered above for purposes of the future minimum lease payment schedule.

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

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**NOTE 13 – RELATED PARTIES**

The Organization pays rent to a company owned by a former board member of the Organization. During the year ended June 30, 2015 and 2014 the Organization paid \$16,874 and \$18,728, respectively, in rent to the board member's company.

**NOTE 14 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Organization's operations are concentrated in Pinellas County, Florida and relate primarily to youth services. In addition, amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

**NOTE 15 – ECONOMIC DEPENDENCE**

The Organization's operations are substantially dependent on the receipt of funding from governmental (federal, state and local entities such as JWB) and corporate sources (such as the United Way). Loss of these funds and/or large decreases in this type of funding may have a material effect on the Organization and have a negative impact on overall operations.

**NOTE 16 – CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of accounts and pledges receivable from a diverse number of organizations and individuals located in the Pinellas County community.

From time to time, the Organization may have cash balances (including demand deposits and money market accounts) kept at one financial institution in excess of the amount (normally \$250,000) guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash or cash equivalents. As of June 30, 2015, the Organization did not have any cash balances in excess of the coverage provided by the FDIC insurance.

**BOYS & GIRLS ORGANIZATIONS OF THE SUNCOAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

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**NOTE 17 – RETIREMENT PLAN**

The Organization operates the Boys and Girls Clubs of the Suncoast, Inc. 401(k) Plan (the "Plan"). Specifics of the Plan are as follows:

- The Plan year is a calendar year.
- To qualify as a participant under the Plan, participants must be eligible employees (excluded employees are those employees, if any, covered under a collective bargaining agreement and non-resident aliens), be at least age 21, and work for the Organization at least 3 consecutive months and complete at least 1 hour of service during that time period.
- Employees are allowed to make pre-tax salary deferral contributions to the Plan. These deferral contributions are always 100% vested.
- The Organization may elect to make matching contributions (for the employee salary deferrals) to the plan.
- In addition, the Organization may also elect to make other discretionary contributions to the plan.
- In order to receive an employer contribution, the participant must have 1 year of service with the Organization and must be employed on the last day of the Plan year and have completed 1,000 hours of service.
- Participants become vested in matching and employer contributions after 3 years of service. Prior to 3 years of service, the participant has no ownership in matching or employer contributions.
- Normal retirement age for the plan is age 65.

Effective January 1, 2015, the Plan was restated to include a provision for a 100% (dollar-for-dollar) matching contribution of salary deferrals up to 3% of compensation plus a 50% matching on any salary deferrals above 3% up to 5% of compensation.

For the years ended June 30, 2015 and 2014, the Organization elected to make a contribution of \$19,919 and \$15,497 to the Plan, respectively.

**NOTE 18 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the report (December 17, 2015), which is also the date of the financial statements were available to be issued.

As discussed in Note 9, the note payable to bank in the amount of \$419,359 was refinanced on November 17, 2015 (in the amount of \$407,056). The refinanced note is payable in monthly principal and interest payments of \$3,569 with interest of 1% with a final payment due and payable on November 17, 2020 in the amount of \$212,260. Collateralized by a mortgage on real property in Pinellas Park.





**Barton,  
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Certified Public Accountants

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## MANAGEMENT LETTER

December 17, 2015

**To the Board of Directors and Management of Boys & Girls Clubs of the Suncoast, Inc.**

In planning and performing our audit of the financial statements of Boys & Girls Clubs of the Suncoast, Inc. for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:**

#### FUNCTIONAL EXPENSE ALLOCATION

1. We noted that the Organization has been using the same functional expense allocation ratios for several years (essentially a straight percentage for each functional expense category). Although the Organization has begun to allocate the natural expense classifications to the functional categories (program services, G&A, and fundraising), further allocations are needed (such as salaries). As such, we recommend the Organization re-evaluate the functional expense allocation methodology for future reporting purposes. Relevant information on the statement of functional expenses and allocation methods are described as follows:

The statement of functional expenses shows in a matrix format how the natural expense classifications (such as salaries, rent, electricity, interest expense, depreciation, and professional fees) are allocated to significant program and supporting services. The functional classification is the classification of expenses according to the purpose for which they are incurred. The primary functional classifications are program services and supporting services. The functional classification of expenses usually requires allocation of natural expenses to the proper functions.

The presentation of the statement of activities on a functional basis and presentation of a statement of functional expenses require the identification of direct costs of and the allocation of indirect costs to the programs and supporting functions.

Some costs can be identified as pertaining to a specific program, for example, the salary of an individual who works exclusively on a particular service program or the cost of special supplies used only in a particular program. Other costs may apply to more than one program or supporting service, for example, the salary of an individual who works on two or more different programs or overhead costs, such as rent or telephone. Also, fund-raising costs may include elements that pertain to program services and should be allocated.

FUNCTIONAL EXPENSE ALLOCATION (Continued)

As discussed, expenses that relate to more than one program or supporting service should be allocated among the applicable functions. Directly identifying (assigning) a specific expense to a function is the preferred method of charging expense to the various functions. If direct identification is not practical, allocating shared expenses is appropriate. The Organization should apply a reasonable method for allocating expense among functions. Objective allocation methods based on either financial or nonfinancial data are preferable to subjective methods.

The following are examples of methods that may result in a reasonable functional allocation of expenses:

- A study of the organization's activities may be made at the start of each fiscal year to determine the best practicable allocation methods. The study should include an evaluation of the preceding year's time records or activity reports of key personnel, the use of space, the consumption of supplies and postage, and so forth. The results of the study should be reviewed periodically, and the allocation methods should be revised, if necessary, to reflect significant changes in the nature or level of the organization's current activities.
- Periodic time and expense records may be kept by employees who spend time on more than one function as a basis for allocating salaries and related costs. The records should indicate the nature of the activities in which the employee is involved. If the functions do not vary significantly from period to period, the preparation of time reports for selected test periods during the year might be sufficient.
- Automobile and travel costs may be allocated on the basis of the expense or time reports of the employees involved.
- Telephone expense may be allocated on the basis of use by extensions, generally following the charge assigned to the salary of the employee using the telephone, after making direct charges for the toll calls or other service attributable to specific functions.
- Stationery, supplies, and postage costs may be allocated based on a study of their use.
- Occupancy costs may be allocated on the basis of a factor determined from a study of the function of the personnel using the space involved.
- Depreciation and rental of equipment may be allocated based on asset usage.

FIXED ASSETS AND DEPRECIATION

2. The Organization did not produce a report from its software that showed how depreciation was calculated on assets. To substantiate depreciation expense, the Organization used a spreadsheet we provided to help determine the reasonableness of depreciation expense. We continue to recommend the Organization maintain and produce a depreciation report which lists each asset, its depreciable basis, the depreciation method, the life assigned to the asset, and the resulting depreciation for each asset.

**CURRENT YEAR COMMENTS:**

None

We have already discussed the comments and suggestions above with Boys & Girls Clubs of the Suncoast, Inc. personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Barton, Gonzalez & Myers, P.A.

Barton, Gonzalez & Myers, P.A.



**Barton,  
Gonzalez  
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December 17, 2015

To the audit committee and board of directors of  
Boys & Girls Clubs of the Suncoast, Inc.

We have audited the financial statements of Boys & Girls Clubs of the Suncoast, Inc. for the year ended June 30, 2015, and have issued our report thereon dated December 17, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 16, 2014. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Boys & Girls Clubs of the Suncoast, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was accumulated depreciation and in-kind revenues and expenses. Management's calculation of depreciation is based on estimates of the useful lives of assets. In-kind revenues and expenses are based on the estimated market value of the services and/or materials provided. We evaluated the key factors and assumptions used to develop accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

There were no uncorrected misstatements except for an immaterial prepaid expense of \$4,700 for retirement (Mass Mutual) that should have been expensed.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 17, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Boys & Girls Clubs of the Suncoast, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Barton, Gonzalez & Myers, P.A.