BOYS & GIRLS CLUB OF THE SUNCOAST, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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CliftonLarsonAllen
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys & Girls Club of the Suncoast, Inc.
Tampa, Florida

We have audited the accompanying financial statements of Boys & Girls Club of the Suncoast, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended are in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
October 25, 2017

BOYS & GIRLS CLUB OF THE SUNCOAST, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 337,299
Grants Receivable	513,226
In-Kind Lease Receivable	20,433
Prepaid Expenses	11,384
Total Current Assets	882,342
PROPERTY AND EQUIPMENT, NET	1,992,843
Total Assets	$ 2,875,185

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	$ 11,742
Accrued Expenses	41,685
Current Portion of Long-Term Debt	54,711
Total Current Liabilities	108,138
NOTES PAYABLE, NET OF CURRENT PORTION	
Long-Term Debt	306,163
Total Liabilities	414,301
NET ASSETS	
Unrestricted:	
Undesignated	2,049,340
Board-Designated- Royal Theater	159,936
Temporarily Restricted	251,608
Total Net Assets	2,460,884
Total Liabilities and Net Assets	$ 2,875,185

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE SUNCOAST, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Support:			
Contributions	$ 368,603	$ 231,175	$ 599,778
Fees and Grants	1,337,964	-	1,337,964
United Way	391,283	-	391,283
Total Support	2,097,850	231,175	2,329,025
Special Fundraising Events Gross	183,836	-	183,836
Less: Cost of Direct Benefit	(51,109)	-	(51,109)
Net Special Fundraising Events	132,727	-	132,727
Revenue:			
Membership Dues	10,062	-	10,062
Program Revenue	29,702	-	29,702
Other Revenue	533	-	533
Total Revenue	40,297	-	40,297
Net Assets Released from Restrictions	124,916	(124,916)	-
Total Support and Revenue	2,395,790	106,259	2,502,049
EXPENSES			
Program Services -Youth Development	2,213,156	-	2,213,156
Management and General	172,843	-	172,843
Fundraising	139,197	-	139,197
Total Expenses	2,525,196	-	2,525,196
CHANGE IN NET ASSETS	(129,406)	106,259	(23,147)
Net Assets - Beginning of Year	2,338,682	145,349	2,484,031
NET ASSETS - END OF YEAR	$ 2,209,276	$ 251,608	$ 2,460,884

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE SUNCOAST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
SALARIES AND RELATED EXPENSES					
Salaries	$ 897,785	$ 82,405	$ 104,091	$ 186,496	$ 1,084,281
Employee Benefits	80,501	7,389	9,334	16,723	97,224
Payroll Taxes	74,717	6,858	8,663	15,521	90,238
Total Salaries and Related Expenses	1,053,003	96,652	122,088	218,740	1,271,743
OTHER EXPENSES					
Depreciation	312,064	52,608	3,134	55,742	367,806
Occupancy	178,129	2,129	2,531	4,660	182,789
Professional Fees and Contract Services	160,777	4,999	1,006	6,005	166,782
Youth Development	85,085	-	-	-	85,085
Insurance	71,250	6,538	743	7,281	78,531
Supplies	34,685	1,401	1,026	2,427	37,112
Equipment Expense	39,510	2,714	4,702	7,416	46,926
Vehicle Expenses	64,164	3,537	1,208	4,745	68,909
In-Kind Materials and Services	52,334	-	-	-	52,334
Travel and Training	28,248	113	511	624	28,872
Repairs and Maintenance	24,685	240	208	448	25,133
National and State Dues	20,260	-	613	613	20,873
Printing and Publications	6,034	1,329	500	1,829	7,863
Interest Expense	5,738	48	-	48	5,786
Membership Dues	707	-	-	-	707
Other Expenses	37,639	535	927	1,462	39,101
Loss on Sale/Disposal of Asset	38,844	-	-	-	38,844
Special Events Expenses	-	-	51,109	51,109	51,109
Total Other Expenses	1,160,153	76,191	68,218	144,409	1,304,562
Less: Expenses Netted Against Revenues on the Statements of Activities:					
Special Event Expenses	-	-	(51,109)	(51,109)	(51,109)
	-	-	(51,109)	(51,109)	(51,109)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 2,213,156	$ 172,843	$ 139,197	$ 312,040	$ 2,525,196

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUB OF THE SUNCOAST, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (23,147)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	367,806
Loss on Sale/Disposal of Asset	38,844
In-Kind Lease Receivable	44,916
Change in Operating Assets and Liabilities:	
Grants Receivable	(215,830)
Prepaid Expenses	25,130
Deposits	3,125
Accounts Payable	(32,592)
Accrued Expenses	(9,850)
Deferred Revenue	(3,479)
Net Cash Provided by Operating Activities	194,923
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(170,324)
Proceeds from Sale of Property and Equipment	(19,117)
Net Cash Used by Investing Activities	(189,441)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of Long-Term Debt	(73,630)
Net Cash Used by Financing Activities	(73,630)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(68,148)
Cash and Cash Equivalents - Beginning of Year	405,447
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 337,299
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash During the Year for:	
Interest	$ 5,786

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Boys & Girls Club of the Suncoast, Inc. (the Organization) is a nonprofit 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets and 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 that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes. The Organization has no permanently restricted net assets at June 30, 2017.

Contributions, Program Fees, and Grants, and Grants Receivable

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Contributions, Program Fees, and Grants, and Grants Receivable (Continued)

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. An allowance for doubtful grants account receivable is considered unnecessary, as management considers all accounts to be collectible.

Program fees are recognized as revenue in the period in which the costs are incurred and the service is provided.

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 and changes in net assets 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents. The Organization places its cash with high quality financial institutions. At times, cash may be in excess of FDIC insurance limits. The Organization has not experienced any losses in such accounts.

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 (5 to 30 years) using the straight-line method. Leasehold improvements are depreciated over the effective life of the lease. Gifts of long-lived assets are reported as unrestricted support. Property acquired with governmental funds 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The IRC 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 has implemented the accounting guidance for uncertainty in income taxes and management believes that there are no uncertain tax positions for which either recognition or disclosure is required in the financial statements.

Functional Allocation of 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.

- Fundraising: 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 benefited as shown in the statement of functional expenses for the year ended June 30, 2017.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Subsequent Events

The Organization has evaluated subsequent events through October 25, 2017, which is the date the financial statements were available to be issued.

NOTE 2 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 as of June 30, 2017 is $20,433.

The recognition (usage) on the in-kind leases for the subsequent year is as follows:

Year Ending June 30,	Amount
2018	$ 20,433

NOTE 3 PROPERTY AND EQUIPMENT

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

Land	$ 166,856
Buildings	2,187,188
Leasehold Improvements	40,569
Furniture and Equipment	232,609
Vehicles	340,636
Total	2,967,858
Less: Accumulated Depreciation	975,015
Net Property and Equipment	$ 1,992,843

NOTE 3 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the year ended June 30, 2017 was $367,806.

The balance of $2,187,188 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 (originally $564,000, reduced to $535,338 based on partial satisfaction of mortgage) 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 benefitting 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, through April 2030.

NOTE 4 LONG-TERM DEBT

Long-term debt at June 30, 2017 consists of the following:

Description	Amount
Note payable to bank, refinanced November 2015 in the amount of $407,056. Payable in monthly principal and interest payments of $3,569 with interest of 1% and a balloon payment due November 2020 in the amount of $212,260. Collateralized by real property in Pinellas Park.	$ 345,320
Vehicle Notes Payable:	
Interest rate 3.99%; monthly principal and interest payment or $1,341. Final payment due August 2017. Secured by vehicle.	2,720
Interest rate 3.99%; monthly principal and interest payment of $1,670. Final payment due May 2018. Secured by vehicle.	12,834
Total Vehicle Notes Payable	15,554
Total Long-Term Debt	360,874
Less: Current Portion	54,711
Long-Term Debt, Excluding Current Portion	$ 306,163

Maturities of long-term debt are as follows:

Year Ending June 30,	Amount
2018	$ 54,711
2019	39,948
2020	40,343
2021	225,872
Total	$ 360,874

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 are composed of the following:

Royal Theater Renovations	$	86,175
Grants Receivable		125,000
In-Kind Leases Receivable		20,433
Scholarship		20,000
Total	$	251,608

Releases of temporarily restricted net assets consisted of the following for the year ended June 30, 2017:

In-Kind Leases Receivable	$	44,916
Grants Receivable		10,000
Gymnasium Floor Replacement		70,000
Total	$	124,916

NOTE 6 IN-KIND REVENUE AND EXPENSES

Included in support and expenses in the statement of activities are the following in-kind contributions:

In-Kind Revenues:		
Donated Facilities	$	82,716
Donated Supplies, Materials, and Services		7,418
Total	$	90,134
In-Kind Expenses:		
Donated Facilities	$	82,716
Donated Supplies, Materials, and Services		7,418
Total	$	90,134

NOTE 7 CONCENTRATIONS OF RISK

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, it 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.

The Organization's operations are substantially dependent on the receipt of funding from governmental (federal, state, and local entities such as Juvenile Welfare Board) 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 a negative impact on overall operations.

NOTE 8 RETIREMENT PLAN

The Organization operates the Boys & Girls Club 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, be at least age 21, work for the Organization at least three consecutive months, and complete at least one 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 Plan includes 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.
- 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 one year of service with the Organization, 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 three years of service.

For the year ended June 30, 2017, the Organization made contributions of $12,040 to the Plan.