

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

**BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
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YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Governors
Boys and Girls Club of Greater Scottsdale, Inc.
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Boys and Girls Club of Greater Scottsdale, Inc., which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Club of Greater Scottsdale, Inc., as of June 30, 2015, and changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Summarized Comparative Information

We have previously audited Boys and Girls Club of Greater Scottsdale, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the schedules attached is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 7, 2015

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

ASSETS	2015	2014
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 651,789	\$ 432,959
Receivables	1,878,548	3,457,665
Interest Receivable	29,936	18,762
Prepaid Expenses	27,682	13,460
Total Current Assets	2,587,955	3,922,846
PLEDGES RECEIVABLE, Net	2,000	5,720
INVESTMENTS	16,752,821	15,819,093
SPLIT INTEREST AGREEMENTS	681,372	596,116
PROPERTY AND EQUIPMENT, Net	12,933,187	13,286,521
ASSETS RESTRICTED TO INVESTMENT IN PROPERTY AND EQUIPMENT		
Cash	335,937	404,687
Pledges Receivable, Net	56,249	112,499
Total Assets	\$ 33,349,521	\$ 34,147,482
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 809,709	\$ 609,630
Other Liabilities	292,111	302,585
Capital Lease Obligation, Current Portion	38,078	30,606
HVAC Note Payable, Current Portion	10,878	-
Present Value of Annuity Payments, Current Portion	45,156	34,906
Total Current Liabilities	1,195,932	977,727
CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION	47,374	85,452
HVAC NOTE PAYABLE, NET OF CURRENT PORTION	107,079	-
PRESENT VALUE OF ANNUITY PAYMENTS, NET OF CURRENT PORTION	149,732	159,606
Total Liabilities	1,500,117	1,222,785
NET ASSETS		
Unrestricted	30,202,046	31,315,595
Temporarily Restricted	1,464,646	1,559,102
Permanently Restricted	182,712	50,000
Total Net Assets	31,849,404	32,924,697
Total Liabilities and Net Assets	\$ 33,349,521	\$ 34,147,482

See accompanying Notes to Consolidated Financial Statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2015	2014
PUBLIC SUPPORT AND REVENUE					
Public Support					
Contributions, Net	\$ 821,962	\$ 795,765	\$ 132,712	\$ 1,750,439	\$ 1,380,943
Bequests	-	-	-	-	3,531,896
Grants	1,904,880	-	-	1,904,880	2,359,534
Program Service Fees	3,303,171	-	-	3,303,171	3,330,011
Donated Services, Materials and Facilities	384,354	-	-	384,354	813,777
Membership Income	137,360	-	-	137,360	139,149
Thrift Store	149,184	-	-	149,184	210,150
Change in Value of Split Interest					
Agreements, Net	85,256	-	-	85,256	165,298
Miscellaneous	19,592	-	-	19,592	23,196
Total Public Support	6,805,759	795,765	132,712	7,734,236	11,953,954
Revenues:					
Investment Income	190,858	4,697	-	195,555	84,618
Realized/Unrealized Gains on Investments	149,773	-	-	149,773	1,360,737
Other	141,834	-	-	141,834	147,830
Total Revenue	482,465	4,697	-	487,162	1,593,185
Total Public Support and Revenue Before Special Events and Net Assets Released from Restrictions	7,288,224	800,462	132,712	8,221,398	13,547,139
Special Events Revenue	946,407	-	-	946,407	998,412
Less Costs of Direct Donor Benefits	(290,179)	-	-	(290,179)	(357,731)
Gross Profit from Special Events	656,228	-	-	656,228	640,681
Net Assets Released From Restrictions	894,918	(894,918)	-	-	-
Total Public Support and Revenue	8,839,370	(94,456)	132,712	8,877,626	14,187,820
EXPENSES AND LOSSES					
Comprehensive Youth Development	7,549,292	-	-	7,549,292	8,221,229
Management and General	1,093,196	-	-	1,093,196	880,629
Fundraising	1,310,431	-	-	1,310,431	1,064,697
Total Expenses and Losses	9,952,919	-	-	9,952,919	10,166,555
CHANGES IN NET ASSETS	(1,113,549)	(94,456)	132,712	(1,075,293)	4,021,265
Net Assets - Beginning of Year	31,315,595	1,559,102	50,000	32,924,697	28,903,432
NET ASSETS, END OF YEAR	\$ 30,202,046	\$ 1,464,646	\$ 182,712	\$ 31,849,404	\$ 32,924,697

See accompanying Notes to Consolidated Financial Statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	2015				2014 Totals
	Program Services	Supporting Services		Total Functional Expenses	
	Comprehensive Youth Development	Management and General	Fundraising		
EXPENSES					
Salaries	\$ 3,722,018	\$ 568,299	\$ 616,986	\$ 4,907,303	\$ 4,878,070
Employee Benefits	515,184	122,359	65,572	703,115	597,560
Payroll Taxes	371,405	61,535	51,742	484,682	449,902
Contracted Professional Services	265,144	102,511	47,665	415,320	406,070
Occupancy	429,919	44,905	30,228	505,052	739,813
Contracted Services/Leases	220,763	24,406	16,184	261,353	34,754
Office Supplies	20,473	12,362	4,660	37,495	48,600
Computer Equipment Services	3,820	1,780	6,735	12,335	11,322
Postage and Shipping	6,948	892	3,515	11,355	12,164
Printing and Promotions	13,246	4,423	40,942	58,611	51,261
Program Supplies	645,571	-	-	645,571	740,262
Program Awards and Scholarships	33,429	1,502	96	35,027	30,152
Meetings and Conferences	48,795	18,713	22,202	89,710	87,071
Travel Expenses	23,432	1,477	9,098	34,007	32,084
Local Transportation	85,393	3,854	2,826	92,073	131,934
Dues, Fees, and Subscriptions	53,951	12,816	41,916	108,683	68,355
Insurance	162,468	18,388	3,735	184,591	163,225
Banking and Merchant Fees	42,735	8,128	153,336	204,199	129,004
Interest Expense	20,032	2,184	3,618	25,834	28,621
Donated Services and Materials	172,227	58,477	2,927	233,631	636,270
Bad Debt Expense	6,018	-	-	6,018	11,665
Miscellaneous Expense	12,777	1,265	158,114	172,156	202,564
Total Expenses Before Depreciation	6,875,748	1,070,276	1,282,097	9,228,121	9,490,723
Depreciation	673,544	22,920	28,334	724,798	675,832
TOTAL EXPENSES	\$ 7,549,292	\$ 1,093,196	\$ 1,310,431	\$ 9,952,919	\$ 10,166,555

See accompanying Notes to Consolidated Financial Statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,075,293)	\$ 4,021,265
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Loss on Uncollectible Receivables	32,150	32,150
Provision for Bad Debts	6,018	11,665
Change in Discount for Receivables	9,254	(5,189)
Depreciation and Amortization	724,798	675,832
Realized Gains on Investments	(437,759)	(431,129)
Unrealized Gains (Losses) on Investments	287,986	(929,608)
Gain on Disposal of Property and Equipment	-	(62,032)
Change in Value of Split Interest Agreements	(85,256)	(165,298)
Contributions of Property and Equipment	(152,249)	(155,450)
Increase (Decrease) in cash resulting from changes in:		
Receivables	1,535,415	1,264,354
Interest Receivable	(11,174)	11,339
Prepaid Expenses	(14,222)	(5,558)
Accounts Payable and Accrued Liabilities	325,079	(188,690)
Other Liabilities	(10,474)	27,111
Present Value of Annuity Payments	376	31,223
Net Cash Provided By Operating Activities	1,134,649	4,131,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(219,215)	(361,692)
Purchase of Investments	(1,572,690)	(5,050,304)
Purchase of Assets Restricted for Investment in Endowments	(132,712)	(50,000)
Proceeds from Sale of Investments	788,735	531,072
Change in Assets Restricted to Investment in Property and Equipment	125,000	40,758
Net Cash Used in Investing Activities	(1,010,882)	(4,890,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Capital Lease Obligations	(30,606)	(24,600)
Payments of HVAC Payable	(7,043)	-
Collection of Contributions Restricted for Investment in Endowment	132,712	50,000
Net Cash Provided By Financing Activities	95,063	25,400
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	218,830	(732,781)
Cash and Cash Equivalents - Beginning of Year	432,959	1,165,740
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 651,789	\$ 432,959
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 25,834	\$ 28,621
SUPPLEMENTARY DISCLOSURE OF NON CASH INVESTING ACTIVITY		
Accounts Payable Satisfied with HVAC Payable	\$ 125,000	\$ -

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Boys & Girls Clubs of Greater Scottsdale, Inc. and Subsidiary (the Clubs) is an Arizona corporation formed in June 1954 to promote the physical, mental and moral well-being of boys and girls by providing education, recreation and guidance. On December 22, 2011, the Clubs formed Boys & Girls Clubs of Greater Scottsdale Youth, LLC (the "Subsidiary"), with the Clubs as the sole member. Boys & Girls Clubs of Greater Scottsdale Youth, LLC was formed to hold certain club assets in order to qualify for the working poor tax credit. The Clubs operate several facilities in Scottsdale: the Virginia G. Piper Branch, the Rose Lane Branch, the Hartley and Ruth Barker Branch, the Thunderbirds Branch, the Vestar Branch in Phoenix, and the McKee Branch in Fountain Hills. The Clubs are also involved in the Red Mountain and Lehi facilities in conjunction with the Salt River Pima-Maricopa Indian tribe and the Hualapai facility in conjunction with the Hualapai tribal community. The Clubs serve approximately 18,000 boys and girls including approximately 7,500 in their after school and summer day camp programs. The Clubs also operate a thrift store in Scottsdale for fundraising purposes.

Boys & Girls Clubs of Greater Scottsdale Foundation (the Foundation) was incorporated in January 1994 with the Clubs as the sole corporate member of the Foundation. The Foundation was organized to manage investment funds, with the income to be used for the benefit of the Clubs.

The significant accounting policies followed by the Clubs, its Subsidiary and Foundation (collectively referred to herein as the "Organization") are as follows:

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Boys and Girls Club of Greater Scottsdale, Inc., Boys & Girls Clubs of Greater Scottsdale Youth, LLC, and Boys and Girls Clubs of Greater Scottsdale Foundation. All of the financial activities and balances of these organizations are included in these consolidated financial statements. All significant interorganization accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Club's financial statements have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) Not-For-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, the Organization is required to provide financial statements which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted Net Assets

Unrestricted net assets are not subject to donor imposed stipulations and are those currently available at the discretion of the Board of Directors for use in the Organization's operations, in accordance with its bylaws. Temporarily restricted assets received and expended in the same year are classified as unrestricted.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets are those which are subject to donor-imposed stipulations that will be met by the Organization and/or the passage of time.

Permanently Restricted Net Assets

Permanently restricted net assets are those which represent permanent endowments where it is stipulated by donors that the total aggregate contributions remain in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted explicitly by donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications to unrestricted net assets.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Summarized Information

The consolidated financial statements include prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the consolidated financial statements as of and for the year ended June 30, 2014, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents may, at times, include cash equivalents, which consist of highly liquid investments with original maturities of three months or less when acquired.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables consist primarily of amounts due from various agencies and individuals and are unsecured. Accounts receivable are stated at the amount management expects to collect. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management provides for probable, uncollectible amounts through a charge to operations and a credit to a valuation allowance based on the assessment of the current status of individual balances. Management reviews all accounts receivable balances monthly and based on an assessment of creditworthiness, estimates the portion, if any, of the balances that will not be collected. The Organization considers all receivables past due over 90 days to be delinquent. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a decrease to accounts receivable. Management considers the receivables to be fully collectible and, accordingly, an allowance for uncollectible is not deemed necessary.

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Monies received pursuant to conditional promises are reflected as deferred revenue. Unconditional promises to give that are to be collected within one year are recorded at their 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 rates as determined by management, applicable to the years in which the promises are received. Amortization of the discounts is included in contribution support. The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

Bequests

Bequests are recognized as contribution revenue in the period the Foundation receives notification the court has found the will of the donor's estate to be valid and all conditions have been substantially met.

Special Events Revenue

The Clubs conduct special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Clubs. The direct costs of the special events, which ultimately benefit the donor rather than the Clubs, are recorded as costs of direct donor benefits. All proceeds received in excess of the direct donor benefits are recorded as gross profit from special events in the accompanying consolidated statement of activities.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

The Clubs receive various grants from different sources to perform specific services. The Clubs recognize revenue from these grants as services are provided. Deferred revenues are recorded when cash advances exceed amounts earned, if any.

Investments

Investments, consisting primarily of equities and mutual funds with readily determinable market values are measured at fair value as of year-end in the consolidated statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) are recognized in the consolidated statements of activities and changes in net assets.

Property and Equipment

Purchased property and equipment are initially recorded at cost, and donated property and equipment are recorded at fair value at the date of the gift to the Clubs. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$2,500 and leasehold improvements in excess of \$2,500 are capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization accounts are relieved, and any gain or loss is included in operations. Depreciation and amortization is provided using the straight-line method over the respective useful lives of the assets, which range from 3 to 40 years. Leasehold improvements are amortized over the shorter of the useful lives of the improvements or the lease terms.

Assets Restricted to Investment in Property and Equipment

Assets restricted to investment in property and equipment, as described more fully in Note 2, consist of capital campaign pledges that are restricted by donors for building an additional club and improvements to other specific clubs.

Impairment of Long-Lived Assets

The Clubs review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present at June 30, 2015.

**BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished or a donor removes a restriction), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Restricted support, where the restriction is met in the same period as the donation is made, is shown as an addition to unrestricted support.

Program Service Fees

The Clubs record revenues from program service fees over the applicable membership period. The unearned portion of the program service fees is recorded in other liabilities at June 30, 2015, in the accompanying consolidated statement of financial position.

Donated Services and Material

Donated materials are recognized as contributions if the services (a) create or enhance non-financial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Clubs utilizes the services of volunteers to perform a variety of tasks that assist the Clubs with specific programs. This support has not been recorded, as it does not meet the recognition criteria; however, a substantial number of volunteers have donated significant amounts of their time in the Clubs' and Foundation's program services and fundraising campaigns. During 2015, the Clubs received the following donated items:

	Used for	Amount
Services and materials	Programs	\$ 232,105
Property and equipment	Programs	152,249

Functional Expenses

Expenses are charged to program services and management and general categories based on direct expenditures incurred. Expenditures not directly chargeable are generally allocated based on personnel activity.

Income Tax Status

The Clubs and Foundation qualify as tax exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code), and accordingly, there is no provision for corporate income taxes in the accompanying consolidated financial statements. In addition, The Clubs and Foundation qualify for the charitable contribution deduction under Section 170 of the Code and has been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income (UBTI) would be taxable. Boys and Girls Clubs of Greater Scottsdale Youth, LLC is treated as a disregarded entity for income tax purposes, and accordingly, all income and expenses are passed through to the Clubs. Management does not believe the Clubs or Foundation have any UBTI for the year ended June 30, 2015.

**BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

The Clubs and Foundation evaluate their uncertain tax positions, if any, on a continued basis through review of their policies and procedures, and review of their regular tax filings.

Market Risk

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying consolidated financial statements.

Reclassification

Certain items in the prior year combined financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on total assets or changes in net assets as previously reported.

NOTE 2 RECEIVABLES

Receivables consisted of:

Current Receivables:

Bequest Receivable	\$ 1,383,200
Operating Receivables	256,212
United Way Receivable	237,136
Current Pledges Receivable	2,000
Total Current Receivables	1,878,548

Long-term Pledges:

Pledges Receivable Due in 2-5 Years, Net of 0% Discount of \$0	2,000
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Pledges Held as Assets Restricted to Investment in Property and Equipment:

Pledges Receivable Due in Less Than One Year	56,249
Pledges Receivable Due in 2-5 Year	-
Total Pledges Receivable	56,249

Allowance for Uncollectible Receivables

Total Receivables	\$ 1,936,797
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Included in receivables are pledges due from Board members totaling \$-0- at June 30, 2015.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 2 RECEIVABLES (CONTINUED)

Assets restricted to investment in property and equipment will enable the Clubs to expand programs and services to an additional 4,000 youth, including 1,000 teens. Specific projects funded by this capital campaign to date include the completion of the Administrative & Training Center, completion of a teen center at the Virginia G. Piper Club, and the expansion of technology, fine arts, and education programs within all of our Clubs. Projects to be completed in the future include construction of a new 27,000-square-foot facility with a teen center and the construction of a teen center at the Thunderbirds Branch. Other funds secured as a result of this capital campaign will augment the Clubs' endowment which ultimately provided additional funds for future operations.

NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Intermediate Duration				
- Fixed Income	\$ 2,418,790	\$ -	\$ -	\$ 2,418,790
International Equities	1,276,018	-	-	1,276,018
Global Real Estate Equities	641,689	-	-	641,689
Mid Cap	1,130,822	-	-	1,130,822
Commodity	512,182	-	-	512,182
Large Cap	2,568,020	-	-	2,568,020
Small Cap	1,057,202	-	-	1,057,202
Equities	3,550,521	-	-	3,550,521
Private Equity Instruments	-	1,697,598	-	1,697,598
Debt Securities:				
Foreign Corporations	-	101,003	-	101,003
Callable Domestic Corporations	-	499,649	-	499,649
Non-Callable Domestic Corporations	-	714,258	-	714,258
Governmental-Federal Home Loan	-	381,165	-	381,165
Governmental-Other	-	605,047	-	605,047
Money Market Funds	280,229	-	-	280,229
Total Investments	<u>\$ 13,435,473</u>	<u>\$ 3,998,720</u>	<u>\$ -</u>	<u>\$ 17,434,193</u>

The following table summarizes the nature and risk of the private equity instruments and investments as of June 30, 2015:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Company Interest	\$ 1,070,555	\$ -	Daily	1 Day
Limited Partnership Interest	627,043	-	Monthly	15 Days
Total	<u>\$ 1,697,598</u>	<u>\$ -</u>		

Expenses relating to investment income, including custodial fees and investment advisory fees, of \$131,669 were charged to operations during the year ended June 30, 2015.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 3 INVESTMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The investment in the limited liability company interest was made in November 2011, and the value is based on the NAV of the limited liability company as calculated by the daily trading value of the underlying securities or as determined by the Board of Trustees if a daily trading value is not available. The investment strategy of this investment is to seek capital appreciation by allocating the assets among a select group of private investment funds (commonly known as hedge funds) (Portfolio Funds) that utilize a variety of alternative investment strategies that seek to produce an attractive absolute return on invested capital, largely independent of the various benchmarks associated with traditional asset classes. The limited liability company allows for daily redemptions with a one-day notice. There are no noted restrictions on redemptions.

The investment in the limited partnership interest was made in February 2012, and the value is based on the NAV of the limited partnership as reported by the general partner. The investment strategy of the limited partnership seeks to achieve a total return in excess of the comparable return of the Merrill Lynch High Yield Master II Index through investments in primarily non-investment grade bonds of corporate entities that First Western Capital Management Company, a Colorado corporation (First Western) and the Partnership's general partner (the General Partner), believes have satisfactory fundamentals with strong industry economic trends or are within weak economic sectors that appear to have reasonably sound or improving credit characteristics. The General Partner may authorize Distributions to Partners at such times and in such amounts as the General Partner may in its discretion determine. In addition, upon giving 15 days' advance written notice to the General Partner, a Limited Partner may withdraw any portion (but less than all) of his Capital Account (excluding such Partner's allocable share of any unrealized gains and/or other unrealized appreciation), effective as of the last day of any calendar month. The General Partner may withhold from any distribution to a withdrawing Limited Partner a reserve to pay for contingent liabilities arising from events occurring during the period of time in which a withdrawing Limited Partner is a Partner in the Partnership, which reserve, or any remaining balance thereof, shall be paid to such withdrawing Limited Partner without interest upon the General Partner's determination that such reserve (or such remaining balance) is no longer required. No distribution shall be made that would have the effect of rendering the Partnership insolvent.

The Organization currently has no other assets or liabilities subject to fair value measurement other than at initial recognition.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2015:

Cost or Donated Value:	
Land	\$ 1,161,568
Buildings and Leasehold Improvements	16,798,196
Furniture and Equipment	2,075,145
Vehicles	933,310
Assets Held Under Capital Lease Obligation	160,430
Use of Land	56,972
Construction in Progress	44,134
Total Cost or Donated Value	21,229,755
Accumulated Depreciation and Amortization	(8,296,568)
Property and Equipment, Net	\$ 12,933,187

Depreciation and amortization expense charged to operations was \$724,441 for the year ended June 30, 2015.

The Organization entered into a capital lease agreement for copiers in June 2012. The cost of the assets under capital lease obligation was \$160,430. Accumulated amortization on assets held under capital lease agreements totaled \$96,258 at June 30, 2015.

NOTE 5 ASSETS RESTRICTED TO INVESTMENT IN PROPERTY AND EQUIPMENT

The Clubs had a capital campaign to raise funds to secure full funding (pay principal on outstanding debt) for the new facility and to support delivery of services and programs. Assets attributable to investment for long-term purposes consist of unconditional promises to give.

NOTE 6 SPLIT INTEREST AGREEMENTS

At June 30, 2015, the Foundation administers eight charitable gift annuities. The assets contributed under the charitable gift annuities are carried at fair value. The gift annuities totaled \$681,372 at June 30, 2015, and are reported within investments in Note 3. Contribution revenues are recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Present values are calculated using discount rates that reflect the fair value as determined at the time the annuities are established and range from 3.0% to 9.0%, and actuarial tables and guidelines used for calculating the available deduction for income tax purposes. The liabilities are adjusted for the accretion of the discount and other changes in the estimates of future benefits. The present value of the estimated annuity payment liability associated with the charitable gift annuities was \$194,888 at June 30, 2015.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 6 SPLIT INTEREST AGREEMENTS (CONTINUED)

The changes in split interest agreements for the year ended June 30, 2015, are as follows:

Beginning of Year	\$ 596,116
Net Appreciation	<u>85,256</u>
End of Year	<u><u>\$ 681,372</u></u>

NOTE 7 LINE OF CREDIT

The Clubs have a line of credit with a bank with an available limit of \$300,000. The line of credit does not have a maturity date and is due on demand. Interest is payable monthly at the bank prime rate (3.25% at June 30, 2015), but not less than 5%. There were no amounts outstanding under the line of credit at June 30, 2015.

NOTE 8 LONG-TERM DEBT

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

HVAC Note Payable, unsecured. The note accrues interest at 3.5% and is paid monthly. The note matures on August 31, 2024.	\$ 117,957
Less: Current Portion	<u>10,878</u>
Total Long-Term Portion	<u><u>\$ 107,079</u></u>

Maturities of long-term debt are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2016	\$ 10,878
2017	10,878
2018	10,341
2019	10,709
2020	12,115
Thereafter	<u>63,036</u>
Total Future Maturities	<u><u>\$ 117,957</u></u>

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 9 CAPITAL LEASE OBLIGATION

In June 2012, the Organization entered into a noncancelable capital lease agreement for copiers, which expires in June 2017, with an effective interest rate of 22%. Interest expense incurred for the capital lease was \$22,614 for the year ended June 30, 2015. The future minimum lease payments and capital lease obligations under these capital leases as of June 30, 2015, are as follows:

Year Ending June 30,		
2016	\$	53,220
2017		<u>53,220</u>
Total Minimum Lease Payments		106,440
Less: Amount Representing Interest		<u>(20,988)</u>
Present Value of Net Minimum Lease Payments		85,452
Less: Current Maturities of Capital Lease Obligations		<u>(38,078)</u>
Non-Current Maturities of Capital Lease Obligation	\$	<u><u>47,374</u></u>

NOTE 10 UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following at June 30, 2015:

Undesignated	\$	28,202,046
Board Designated for Long-Term Investments		<u>2,000,000</u>
Total Unrestricted Net Assets	\$	<u><u>30,202,046</u></u>

The by-laws of the Foundation designated \$2,000,000 of the unrestricted net assets to be used as an endowment. The designated amount is only to be used for investment purposes, the income of which is for the benefit of the Clubs. The amount can be changed only by a two-thirds vote of the Board of Trustees of the Foundation.

During 2010, the Investment Committee developed a policy for the Foundation's new charitable gift annuity program whereby an initial \$100,000 was self-funded to help commence the program. Additional unrestricted annuities received are also designated by the Board to the annuity program.

**BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2015:

Purpose Restrictions:	
Capital Campaign	\$ 392,186
Scholarship Funds	18,539
Programs - Other	263,155
Piper Foundation - Tween Programming	89,695
Back to School Shopping	276,318
Time Restrictions:	
United Way	237,136
Other	187,617
Total Temporarily Restricted Net Assets	<u>\$ 1,464,646</u>

Net assets of \$894,918 were released from restriction during the year ended June 30, 2015, related to the fulfillment of program and time restrictions.

NOTE 12 ENDOWMENTS

The Foundation's endowments consists of one board designated fund and one individual donor-restricted fund. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. In September 2008, the State of Arizona enacted ARS§ 10-1180 et seq Management of Charitable Funds Act (MCFA).

The Foundation follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Foundation to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continue in perpetuity.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 12 ENDOWMENTS (CONTINUED)

In accordance with MCFA, the Foundation consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Foundation's other resources, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Clubs target a diversified asset allocation that consists of equity-based investments, corporate and municipal bonds, and money market accounts.

The Foundation's annual appropriations are at the discretion of the Foundation's Board of Directors unless specific instructions are provided by the endowment donors.

Endowment net asset composition by type of fund as of June 30, 2015, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board Restricted	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000
Donor-Restricted	-	8,493	182,712	191,205
	<u>\$ 2,000,000</u>	<u>\$ 8,493</u>	<u>\$ 182,712</u>	<u>\$ 2,191,205</u>

The changes in endowment net assets for the year ended June 30, 2015, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 2,000,000	\$ 3,796	\$ 50,000	\$ 2,053,796
Contributions	-	-	132,712	132,712
Interest and Dividends	32,740	4,697	-	37,437
Net Appreciation	109,268	-	-	109,268
Appropriation of assets for Expenditure	<u>(142,008)</u>	<u>-</u>	<u>-</u>	<u>(142,008)</u>
Endowment Net Assets, End of Year	<u>\$ 2,000,000</u>	<u>\$ 8,493</u>	<u>\$ 182,712</u>	<u>\$ 2,191,205</u>

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 12 ENDOWMENTS (CONTINUED)

The nature of these restrictions is as follows:

Permanently Restricted Net Assets	
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by MCFA	<u>\$ 182,712</u>
Temporarily Restricted Net Assets	
The Portion of Perpetual Endowment Funds that is Subject to Time Restrictions under MCFA	<u>\$ 8,493</u>

NOTE 13 OPERATING LEASES

The Clubs lease property and certain office equipment under noncancelable operating leases expiring through 2019. The minimum future rental commitments under these noncancelable operating leases (which excludes the contributed value) are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 3,390
2017	2,179
2018	2,179
2019	<u>363</u>
Total Minimum Future Rental Payments	<u>\$ 8,111</u>

Certain leases do not contain renewal options; however, in the normal course of business, the Clubs will either renew the leases or seek new arrangements.

Total rental expense under all leases with a term in excess of one month totaled \$12,620 for 2015.

The Clubs also leases the land for four locations, the Virginia Piper and Administrative Center, Barker and Thunderbird branches from the City of Scottsdale with an additional lease for the McKee branch from the Town of Fountain Hills. The leases require payments \$1 each per year and expire in April 2038, July 2022, August 2050, and February 2052, respectively. Certain of the land leases contain an option to renew for an additional term. At inception of each agreement, the Clubs were required to construct new or refurbish existing buildings at the sole cost and expense of the Clubs. Upon termination of the lease, all property constructed or improvements made by the Clubs revert to each lessor at no cost to the lessor. The leases also included specific provisions granting the lessor access to and use of the constructed facilities at no cost to the lessor. The leases specifically contemplate the shared use of the facilities in exchange for the nominal cash rent payments. Based on the terms of the lease, the Clubs are required to perform annually under the agreements. The Clubs have recorded the fair value ascribed to the use of land over the term of the leases in the accompanying consolidated financial statements, see Note 4.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 14 PENSION AND 401(k) PLANS

The Clubs have a money purchase pension plan for all employees who meet specified age and service requirements. Under an affiliation agreement with the Boys & Girls Clubs of America, the plan is administered by RCM & D. The Clubs contribute 5% of actual compensation once an employee becomes eligible. After six years, the participant is fully vested. Total pension expense was \$141,772 for the year ended June 30, 2015. The Clubs terminated this plan during 2015.

The Clubs sponsors a 401(k) plan covering substantially all employees who have completed 12 months of service and are age 21 or older. The Club matches employee contributions at a rate of 100% up to 2.5% of their pay. For the year ended June 30, 2015, the Clubs and Foundation contributed \$70,298 to the Plan.

NOTE 15 CONTINGENCIES

The Clubs are subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of the claims cannot be predicted with certainty, management does not believe that the outcome of any of these matters will have a material adverse effect on the Clubs' financial position, results of operations or cash flows.

The Clubs and the City of Scottsdale (the City) were in a dispute regarding certain capital improvement costs incurred by the City during 2009/2010 on a branch property leased by the Clubs from the City. The Clubs and the City reached an agreement that the Clubs will pay \$175,000, based on a ten year payment schedule. Of this amount, \$125,000 was recorded as long-term debt by the Clubs in the accompanying consolidated statement of financial position.

NOTE 16 RELATED PARTY TRANSACTIONS

The Clubs received revenues from their national affiliate, The Boys and Girls Club of America, of approximately \$50,000 in 2015 which are included in contributions in the accompanying consolidated statement of activities.

The Clubs paid dues to their national affiliate, The Boys and Girls Club of America, which totaled \$24,172 during the year ended June 30, 2015.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 17 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Clubs to concentration of credit risk consist principally of cash and cash equivalents and pledges receivable. Cash is placed with high quality financial institutions; however, at times these cash balances exceed the FDIC insurance limit. The Clubs and Foundation pledged receivable consist of single and multi-year pledges primarily from individuals and large corporations.

NOTE 18 SUBSEQUENT EVENTS

Management evaluated subsequent events through December 7, 2015, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2015, but prior to December 7, 2015, have been recognized in the consolidated financial statements for the year ended June 30, 2015. Events or transactions that provided evidence about conditions that did not exist at June 30, 2015, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2015.

SUPPLEMENTARY INFORMATION

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS	<u>Clubs and Subsidiary</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Combined Balances</u>
CURRENT ASSETS				
Cash	\$ 583,897	\$ 67,892	\$ -	\$ 651,789
Receivables	559,627	1,552,800	(233,879)	1,878,548
Interest Receivable	-	29,936	-	29,936
Prepaid Expenses	27,682	-	-	27,682
Total Current Assets	<u>1,171,206</u>	<u>1,650,628</u>	<u>(233,879)</u>	<u>2,587,955</u>
PLEDGES RECEIVABLE, Net	-	2,000	-	2,000
INVESTMENTS	-	16,752,821	-	16,752,821
SPLIT INTEREST AGREEMENTS	-	681,372	-	681,372
PROPERTY AND EQUIPMENT, Net	12,932,472	715	-	12,933,187
ASSETS RESTRICTED TO INVESTMENT IN PROPERTY AND EQUIPMENT				
Cash	335,937	-	-	335,937
Pledges Receivable, Net	56,249	-	-	56,249
Total Assets	<u>\$ 14,495,864</u>	<u>\$ 19,087,536</u>	<u>\$ (233,879)</u>	<u>\$ 33,349,521</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 794,425	\$ 89,163	\$ (73,879)	\$ 809,709
Line of Credit	160,000	-	(160,000)	-
Other Liabilities	292,111	-	-	292,111
Capital Lease Obligation, Current Portion	38,078	-	-	38,078
HVAC Note Payable, Current Portion	10,878	-	-	10,878
Present Value of Annuity Payments, Current Portion	-	45,156	-	45,156
Total Current Liabilities	<u>1,295,492</u>	<u>134,319</u>	<u>(233,879)</u>	<u>1,195,932</u>
CAPITAL LEASE OBLIGATION, Net of Current Portion	47,374	-	-	47,374
HVAC Note Payable, Net of Current Portion	107,079	-	-	107,079
PRESENT VALUE OF ANNUITY PAYMENTS, Net of Current Portion	-	149,732	-	149,732
Total Liabilities	<u>1,449,945</u>	<u>284,051</u>	<u>(233,879)</u>	<u>1,500,117</u>
NET ASSETS				
Unrestricted	11,589,765	18,612,281	-	30,202,046
Temporarily Restricted	1,456,154	8,492	-	1,464,646
Permanently Restricted	-	182,712	-	182,712
Total Net Assets	<u>13,045,919</u>	<u>18,803,485</u>	<u>-</u>	<u>31,849,404</u>
Total Liabilities and Net Assets	<u>\$ 14,495,864</u>	<u>\$ 19,087,536</u>	<u>\$ (233,879)</u>	<u>\$ 33,349,521</u>

See accompanying independent auditors' report.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015

	Clubs and Subsidiary	Foundation	Eliminating Entries	Combined Balances
PUBLIC SUPPORT AND REVENUE				
Public Support				
Contributions, net	\$ 2,133,891	\$ 116,548	\$ (500,000)	\$ 1,750,439
Bequests	-	-	-	-
Grants	1,904,880	-	-	1,904,880
Program Service Fees	3,303,171	-	-	3,303,171
Donated Services, Materials and Facilities	351,264	33,090	-	384,354
Membership Income	137,360	-	-	137,360
Thrift Store	149,184	-	-	149,184
Change in Value of Split Interest Agreements, Net	-	85,256	-	85,256
Miscellaneous	19,592	-	-	19,592
Total Public Support	<u>7,999,342</u>	<u>234,894</u>	<u>(500,000)</u>	<u>7,734,236</u>
Revenues:				
Investment Income	197	204,958	(9,600)	195,555
Realized/Unrealized Gains on Investments	-	149,773	-	149,773
Other	141,834	-	-	141,834
Total Revenue	<u>142,031</u>	<u>354,731</u>	<u>(9,600)</u>	<u>487,162</u>
Total Public Support and Revenue Before Special Events and Net Assets Released from Restrictions	8,141,373	589,625	(509,600)	8,221,398
Special Events Revenue	946,407	-	-	946,407
Less Costs of Direct Donor Benefits	(290,179)	-	-	(290,179)
Gross Profit from Special Events	<u>656,228</u>	<u>-</u>	<u>-</u>	<u>656,228</u>
Total Public Support and Revenue	<u>8,797,601</u>	<u>589,625</u>	<u>(509,600)</u>	<u>8,877,626</u>
EXPENSES AND LOSSES				
Comprehensive Youth Development	7,541,352	517,540	(509,600)	7,549,292
Management and General	969,308	123,888	-	1,093,196
Fundraising	940,545	369,886	-	1,310,431
Total Expenses and Losses	<u>9,451,205</u>	<u>1,011,314</u>	<u>(509,600)</u>	<u>9,952,919</u>
CHANGES IN NET ASSETS	(653,604)	(421,689)	-	(1,075,293)
Net Assets - Beginning of Year	<u>13,699,524</u>	<u>19,225,173</u>	<u>-</u>	<u>32,924,697</u>
NET ASSETS - END OF YEAR	<u>\$ 13,045,920</u>	<u>\$ 18,803,484</u>	<u>\$ -</u>	<u>\$ 31,849,404</u>

See accompanying independent auditors' report.