Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Consolidated Financial Statements
Years Ended June 30, 2015 and 2014

Boys and Girls Clubs of Broward County, Inc. and Subsidiary
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Independent Auditors' Report

To the Board of Directors of
Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Clubs of Broward County, Inc. and Subsidiary as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Florida Auditor General, is presented for purposes of additional analysis and is not a required part of the 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 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, on our consideration of Boys and Girls Clubs of Broward County, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys and Girls Clubs of Broward County, Inc. and Subsidiary's internal control over financial reporting and compliance.

Goldstein Schechter Koch, P.A.

Coral Gables, Florida
November 19, 2015

Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Consolidated Statements of Financial Position

June 30, 2015 and 2014

		2015		2014
Assets:				
Current Assets:				
Cash and cash equivalents	**$**	**1,860,442**	$	1,660,160
Accounts receivable, net of allowance for doubtful accounts of $249,860 and $202,331, respectively		**529,015**		464,404
Notes receivable, current portion (Note 6)		**29,778**		29,778
Grants and contracts receivable (Note 13)		**666,358**		819,340
Contributions receivable on donated facilities, net of discount of $123,537 and $121,013 respectively (Note 8)		**313,976**		311,860
Prepaid expenses and other current assets		**354,182**		251,602
Total current assets		**3,753,751**		3,537,144
Cash surrender value of life insurance		**297,103**		276,870
Notes receivable, non-current portion (Note 6)		**387,114**		1,616,892
Investments (Notes 2, 4 and 5)		**16,757,381**		16,129,894
Beneficial interest in perpetual trusts		**4,426,500**		4,747,878
Contributions receivable on donated facilities, non-current portion net of discount of $2,043,097 and $2,096,674, respectively (Note 8)		**3,424,419**		3,066,284
Property and equipment, net (Note 7)		**13,868,148**		13,935,500
Total assets	**$**	**42,914,416**	$	43,310,462
Liabilities:				
Current Liabilities:				
Accounts payable and accrued expenses (Notes 9 and 10)	**$**	**1,767,927**	$	1,672,263
Deferred revenue		**206,809**		200,888
Total current liabilities		**1,974,736**		1,873,151
Commitments and contingencies (Note 14)				
Net assets:				
Unrestricted		**22,026,147**		22,751,300
Temporarily restricted (Note 11)		**5,826,978**		5,355,551
Permanently restricted (Note 11)		**13,086,555**		13,330,460
Total net assets		**40,939,680**		41,437,311
Total liabilities and net assets	**$**	**42,914,416**	$	43,310,462

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

Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue and Investment Gains and (Losses):				
Public support (Note 13):				
Special events	$ 3,532,516	$ -	$ -	$ 3,532,516
Contributions	2,333,035	8,800	10,053	2,351,888
Broward County grants and contracts	1,688,085	-	-	1,688,085
Other grants and contracts	4,334,701	1,442,897	-	5,777,598
Total public support	11,888,337	1,451,697	10,053	13,350,087
Revenue and investment gains and (losses):				
Royalties	320,489	-	-	320,489
Other income	146,925	-	-	146,925
In-kind contributions	613,323	-	-	613,323
Membership dues	223,592	-	-	223,592
Interest and dividends (Note 6)	865,812	-	-	865,812
Realized and unrealized (losses) on investments, net (Notes 2 and 3)	(207,677)	(67,421)	(253,958)	(529,056)
Total revenue and investment gains and (losses)	1,962,464	(67,421)	(253,958)	1,641,085
	13,850,801	1,384,276	(243,905)	14,991,172
Net assets released from restrictions	912,849	(912,849)	-	-
Total public support, revenue and investment gains and (losses)	14,763,650	471,427	(243,905)	14,991,172
Expenses:				
Program service:				
Youth development	11,716,440	-	-	11,716,440
Supporting services:				
Management and general	750,343	-	-	750,343
Fundraising, sales and related expenses	565,024	-	-	565,024
Special events	2,456,996	-	-	2,456,996
Total supporting services	3,772,363	-	-	3,772,363
Total expenses	15,488,803	-	-	15,488,803
Change in net assets	(725,153)	471,427	(243,905)	(497,631)
Net assets, beginning of year	22,751,300	5,355,551	13,330,460	41,437,311
Net assets, end of year	$ 22,026,147	$ 5,826,978	$ 13,086,555	$ 40,939,680

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

Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue and Investment Gains and Losses:				
Public support (Note 13):				
Special events	$ 3,495,752	$ -	$ -	$ 3,495,752
Contributions	2,002,039	13,059	22,249	2,037,347
Broward County grants and contracts	1,693,735	-	-	1,693,735
Other grants and contracts	3,600,647	2,121,398	-	5,722,045
Total public support	10,792,173	2,134,457	22,249	12,948,879
Revenue and investment gains and losses:				
Royalties	294,357	-	-	294,357
Other income	137,752	-	-	137,752
In-kind contributions	1,424,730	-	-	1,424,730
Membership dues	236,547	-	-	236,547
Interest and dividends (Notes 2 and 6)	773,414	-	-	773,414
Realized and unrealized gains and losses on investments, net (Notes 2 and 3)	1,378,243	15,207	290,272	1,683,722
Total revenue and investment gains and losses	4,245,043	15,207	290,272	4,550,522
	15,037,216	2,149,664	312,521	17,499,401
Net assets released from restrictions	1,040,649	(1,040,649)	-	-
Total public support, revenue and investment gains and losses	16,077,865	1,109,015	312,521	17,499,401
Expenses and Losses:				
Program service:				
Youth development	11,398,878	-	-	11,398,878
Supporting services:				
Management and general	680,472	-	-	680,472
Fundraising, sales and related expenses	573,708	-	-	573,708
Special events	2,576,588	-	-	2,576,588
Total supporting services	3,830,768	-	-	3,830,768
Total expenses	15,229,646	-	-	15,229,646
Loss on disposal of building	776,606	-	-	776,606
Total expenses and losses	16,006,252	-	-	16,006,252
Change in net assets	71,613	1,109,015	312,521	1,493,149
Net assets, beginning of year	22,679,687	4,246,536	13,017,939	39,944,162
Net assets, end of year	$ 22,751,300	$ 5,355,551	$ 13,330,460	$ 41,437,311

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

Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2015

	Supporting Services				Program Service	
	Management and General	Fundraising, Sales and Related Expenses	Special Events	Total Supporting Services	Youth Development	Total
Salaries and Benefits:						
Salaries	$ 352,995	$ 338,214	$ -	$ 691,209	$ 4,716,017	$ 5,407,226
Employee benefits	68,190	74,324	-	142,514	770,448	912,962
Payroll taxes	22,279	25,186	-	47,465	369,064	416,529
Total salaries and benefits	443,464	437,724	-	881,188	5,855,529	6,736,717
Other Expenses:						
Occupancy	2,933	668	172,537	176,138	668,423	844,561
Maintenance and repairs	26,811	22,001	-	48,812	519,464	568,276
Utilities	9,634	9,110	-	18,744	604,083	622,827
Insurance	8,092	8,842	-	16,934	576,334	593,268
Professional fees	112,261	336	-	112,597	24,010	136,607
Postage and shipping	5,541	15,008	1,967	22,516	1,772	24,288
Telephone and communications	8,379	12,024	-	20,403	69,881	90,284
Supplies and equipment	23,578	25,006	10,930	59,514	1,272,164	1,331,678
Printing and publications	16,376	3,824	120,308	140,508	24,566	165,074
Dues and subscriptions	20,585	-	-	20,585	43,416	64,001
Travel and transportation	11,353	8,721	127,976	148,050	55,767	203,817
Scholarships	-	-	-	-	54,149	54,149
Bank and credit card fees	-	-	62,767	62,767	-	62,767
Bad debt expense	-	-	152,154	152,154	-	152,154
Miscellaneous	24,583	8,804	-	33,387	324	33,711
Entertainment and decorations	-	-	961,385	961,385	6,782	968,167
Food and catering	11,971	-	567,018	578,989	1,261,409	1,840,398
Other event costs			59,264	59,264	-	59,264
Publicity and promotion	1,605	-	220,690	222,295	11,927	234,222
Total other expenses	283,702	114,344	2,456,996	2,855,042	5,194,471	8,049,513
Total expenses before depreciation	727,166	552,068	2,456,996	3,736,230	11,050,000	14,786,230
Depreciation	23,177	12,956	-	36,133	666,440	702,573
Total expenses	$ 750,343	$ 565,024	$ 2,456,996	$ 3,772,363	$ 11,716,440	$ 15,488,803

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

Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2014

	Supporting Services				Program Service	
	Management and General	Fundraising, Sales and Related Expenses	Special Events	Total Supporting Services	Youth Development	Total
Salaries and Benefits:						
Salaries	$ 326,309	$ 342,302	$ -	$ 668,611	$ 4,731,908	$ 5,400,519
Employee benefits	77,639	75,500	-	153,139	785,900	939,039
Payroll taxes	20,903	25,872	-	46,775	353,401	400,176
Total salaries and benefits	424,851	443,674	-	868,525	5,871,209	6,739,734
Other Expenses:						
Occupancy	537	537	220,528	221,602	642,306	863,908
Maintenance and repairs	19,548	11,948	-	31,496	501,439	532,935
Utilities	9,303	9,303	-	18,606	509,179	527,785
Insurance	9,898	9,364	-	19,262	540,798	560,060
Professional fees	96,662	250	400	97,312	47,502	144,814
Postage and shipping	6,397	18,029	5,948	30,374	1,682	32,056
Telephone and communications	12,926	10,523	-	23,449	67,782	91,231
Supplies and equipment	20,681	25,602	94,049	140,332	1,034,524	1,174,856
Printing and publications	13,566	3,830	131,964	149,360	38,304	187,664
Dues and subscriptions	15,760	-	-	15,760	39,395	55,155
Travel and transportation	10,802	8,345	174,725	193,872	68,113	261,985
Scholarships	-	-	-	-	45,250	45,250
Bank and credit card fees	-	-	52,396	52,396	-	52,396
Bad debt expense	-	-	115,051	115,051	-	115,051
Miscellaneous	-	15,359	19,177	34,536	7,791	42,327
Entertainment and decorations	-	-	872,068	872,068	57,535	929,603
Food and catering	10,412	-	571,224	581,636	1,214,250	1,795,886
Other event costs	-	-	122,660	122,660	72,872	195,532
Publicity and promotion	2,098	-	196,398	198,496	48,298	246,794
Total other expenses	228,590	113,090	2,576,588	2,918,268	4,937,020	7,855,288
Total expenses before depreciation	653,441	556,764	2,576,588	3,786,793	10,808,229	14,595,022
Depreciation	27,031	16,944	-	43,975	590,649	634,624
Total expenses	$ 680,472	$ 573,708	$ 2,576,588	$ 3,830,768	$ 11,398,878	$ 15,229,646

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

Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended June 30, 2015 and 2014

	2,015	2014
Cash flows from operating activities:		
Change in net assets	$ (497,631)	$ 1,493,149
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	702,573	634,624
Bad debt expense	152,154	115,051
Increase in cash surrender value of life insurance	(20,233)	(19,245)
Rent expense on donated facilities	648,839	631,985
Loss on disposal of building	-	776,606
In-kind contributions of building structure	(59,355)	(960,000)
Contribution revenue from donated facilities	(902,583)	(1,574,614)
Change in value of beneficial interest in perpetual trusts	321,378	(305,479)
Net realized and unrealized gains (losses) on investments	207,677	(1,378,243)
Amortization of discount	(106,507)	(327,379)
Changes in operating assets and liabilities:		
Accounts receivable	(216,765)	51,234
Grants and contracts receivable	152,982	(222,792)
Contribution receivable on donated facilities	-	8,610
Prepaid expenses and other current assets	(102,580)	40,039
Accounts payable and accrued expenses	95,664	86,863
Deferred revenue	5,921	74,095
Total adjustments	879,165	(2,368,645)
Net cash provided by (used in) operating activities	381,534	(875,496)
Cash flows from investing activities:		
Sales of property and equipment	-	2,376,405
Purchases of property and equipment	(575,866)	(1,434,417)
Sales of investments	5,407,591	9,304,050
Purchases of investments	(6,242,755)	(10,447,678)
Repayments received on notes receivable	1,229,778	29,778
Net cash used in investing activities	(181,252)	(171,862)
Net increase (decrease) in cash and cash equivalents	200,282	(1,047,358)
Cash and cash equivalents, beginning of year	1,660,160	2,707,518
Cash and cash equivalents, end of year	$ 1,860,442	$ 1,660,160

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

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Purpose

Boys and Girls Clubs of Broward County, Inc. (the "Club") is a not-for-profit organization whose mission is to inspire and enable all young people, especially those from challenging circumstances, to realize their full potential as productive, responsible, and caring citizens. Success is achieved through participation in the following three core care programs which are all part of the Club's Youth Development Services:

<u>Academic success</u> - as part of this program, staff and volunteers place importance on encouraging members, ages 6-18, to strive for academic excellence. The Club has partnered with select educational and vocational institutions as part of a strategy designed to encourage and motivate members to think beyond high school and graduate on time.

<u>Good character and citizenship development</u> - this program offers opportunities for all members to engage in community service learning projects. This program includes the Youth of the Year program which promotes and celebrates service to the Club; community and family, academic performance; moral character; life goals; and poise and public speaking ability. Also part of this program is the Keystone Club. It affords teens an opportunity to gain valuable leadership and service experience by conducting activities in three areas: academic success, career exploration and community service. The Torch Club is also part of this program which helps to meet character development needs of younger adolescents at a critical stage in their development. Torch Club members learn to elect officers and work together to implement activities in four areas: service to the Club and community, education, health and fitness and social recreation.

<u>Healthy lifestyles</u> - this program encourages a lifelong commitment to the benefits of healthy nutrition and physical fitness. Activities in this program encourage developing teamwork and fostering good sportsmanship.

The Club also has locally developed programs that are designed to provide members with fun experiences that are hands-on, interactive and intended to develop critical thinking. These are often described as "fun with a purpose". They include: culinary arts, media arts, boat building and design, motorcycle restoration, construction and aviation.

All of the Club's programs are designed to promote and enhance the development of the Club's members by instilling a sense of competence, usefulness, belonging, and self-esteem.

Principles of Consolidation

The 2015 and 2014 consolidated financial statements include the accounts of Boys and Girls Clubs of Broward County, Inc. and its wholly owned subsidiary 1421 East LLC ("LLC"). All significant intercompany balances and transactions have been eliminated in consolidation.

1421 East LLC was formed August 2011, as a member managed Florida Limited Liability Company to manage a certain leasehold interest in real property owned by the Boys and Girls Clubs of Broward County, Inc. The LLC is a single-member limited liability company owned entirely by the Club. In fiscal year ended June 30, 2014, the leasehold interest was sold.

Note 1 – Organization and Summary of Significant Accounting Policies - continued

Financial Statement Presentation

The consolidated financial statements of the Club have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – net assets that are not subject to donor-imposed restrictions.
- *Temporarily restricted* – net assets subject to donor-imposed restrictions that may or will be met. Net assets are released from donor restrictions when a stipulated time restriction ends or a purpose restriction has been accomplished.
- *Permanently restricted* – net assets subject to donor-imposed restrictions that are imposed permanently.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. A portion of supporting services such as management and general expenses has been allocated to all the programs based on management's allocation plan.

In-Kind Contributions

Donated use of facilities is recorded as contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the facilities are being used. Contributions of services are recognized when the services received: (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Approximately 7,250 and 5,500 volunteer hours were provided to the Club during the years ended June 30, 2015 and 2014, respectively. Non-cash items and in-kind gifts are recorded at their fair value on the date they are received.

Public Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e. when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments with remaining maturities at the date of purchase of three months or less. Cash equivalents include investments in money market funds that are carried at cost plus accrued interest, which approximates fair value.

Note 1 – Organization and Summary of Significant Accounting Policies - continued

Concentration of Credit Risk

The Club deposits excess cash with a major financial institution. At times, such balances may be in excess of federally insured limits. The Club, however, maintains supplementary insurance covering amounts in excess of federal limits.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, grants and contracts receivable, prepaid expenses, other current assets, accounts payable and accrued liabilities are reported at cost, which approximates fair value due to the relative terms and short maturity of these instruments. The carrying amount of contributions receivable on donated facilities, and notes receivable approximate fair value since they have been discounted to net present value using discounted cash flows. The fair value of the cash surrender value of life insurance is based on the Club's share of the respective life insurance policy as represented by the insurance company.

Investments

Investments are reported at fair value as determined by valuations provided by an external investment manager or quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investment income and realized and unrealized gains and losses restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and changes in fair value are recognized.

The Club’s investments are stated at fair value. The unrealized gain or loss on investments is reflected in the consolidated statements of activities. The overall valuation process and information sources by major investment classification are as follows:

- Equity Securities: These include domestic equities traded on a national securities exchange that are valued at the last reported sales price on the last business day of the fiscal year.

- Mutual Funds: These investments are the closing net asset value (NAV) of shares held at fiscal year end. If the mutual fund makes its net asset values publically available daily to set the price for purchases and redemption the following day, the mutual fund is categorized within level 1. If the organization cannot redeem its investment at net asset value per share at fiscal year-end but the investment is redeemable with 90 days notice or less, the mutual fund is categorized within level 2. As of June 30, 2015 all mutual investment accounts were categorized as level 1.

- Fixed income securities: These securities include domestic bonds. The investment grade corporate bonds held by the Club generally do not trade in active markets on the measurement date. Therefore, domestic bonds are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

- Real estate investment trust: Include limited partnership interests and a real estate investment trust, are stated at fair value as determined by the general partner or investment manager. These alternative investments are not traded on an active market.

Note 1 – Organization and Summary of Significant Accounting Policies - continued

Investments - continued

- Exchange traded funds: Securities that are traded on a stock exchange which experience price changes throughout the day as they are bought and sold and which trades intra-day on a national securities exchange.

Management determines the fair value measurement valuation policies and procedures, including those for level 3 recurring and non recurring measurement. Management assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The Club's investments are exposed to various risks, such as market and credit risks. Because of the risk associated with such investments, it is possible that changes in their values will occur and that such changes could materially affect the Club's consolidated financial statements.

Beneficial Interest in Perpetual and Irrevocable Trusts

Perpetual trusts are held by third parties under arrangements where the Club has irrevocable rights to receive the income earned on the trust assets in perpetuity but never receives the assets held in trust. The trust assets are recorded at fair value as beneficial interest in the trust and contribution income under permanently restricted support at the date the trust is established. Annual distributions are reported as investment income. Adjustments to trust assets are based on fair value of the underlying investments and are recorded as permanently restricted gains or losses unless otherwise specified by the donor agreement.

The fair value of the Club's beneficial interest in irrevocable trusts is based on the Club's proportionate share of the underlying fair value of each irrevocable trust as provided by each third party trustee. Actual results may differ from these valuation assumptions and these differences could significantly affect the accuracy of fair value estimates included in these consolidated financial statements.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable principally consist of uncollateralized donor obligations related to the Club's special events and auctions. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances and based on an assessment of current credit worthiness, estimates the portion of the balance, if any that will not be collected. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes its allowance for doubtful accounts as of June 30, 2015 and 2014 are adequate. However, actual write offs could exceed the recorded allowance.

At June 30, 2015 and 2014, receivables from three donors accounted for approximately 83% and 66%, respectively, of net accounts receivable. As of June 30, 2015 and 2014, there were no donor revenue concentrations over 10%.

Note 1 – Organization and Summary of Significant Accounting Policies - continued

Grants and Contracts Receivable

The Club renders services to members under contractual agreements with governmental organizations. These agreements typically require the Club to apply for annual renewal. Certain agreements provide for termination by either party upon written notice.

Grants and contracts receivable expected to be received within one year, are recorded at their net realizable value. Management reviews grants and contracts receivable on a regular basis to determine collectability and estimates the portion of the balance that will not be collected, if any. At June 30, 2015 and 2014, receivables from five grantors accounted for approximately 97% and 97% of total grants and contracts receivable, respectively. For the years ended June 30, 2015 and 2014, revenues from one grantor accounted for approximately 28% and 32% of total grants and contracts revenue, respectively.

Contributions Receivable on Donated Use of Facilities

Contributions receivable on donated facilities includes the value of the use of certain facilities donated in connection with long-term leases. The fair value of the future contributed use of these facilities is based on the fair value of the use of these facilities at the date of initial recognition. The receivable is discounted using a rate of 3%.

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation. Donated property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. The estimated useful lives used to compute depreciation range from 3 years to 50 years.

Cost of major additions and improvements that extend the life of the asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Impairment of Long-Lived Assets

The Club reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended June 30, 2015 and 2014.

Deferred Revenue

Payments received from donors in advance of a special event are recorded as deferred revenue in the accompanying consolidated statements of financial position until earned.

Note 1 – Organization and Summary of Significant Accounting Policies - continued

Publicity and Promotion

Publicity and promotion costs are primarily related to the advertising of special events held by the Club. These costs are expensed as incurred. For the years ended June 30, 2015 and 2014, publicity and promotion expense amounted to $234,223 and $246,794, respectively.

Income Taxes

The Club has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a not-for-profit organization. Accordingly, no provision for income taxes is required as of June 30, 2015 and 2014. As a single-member limited liability company, the Club's wholly owned subsidiary, 1421 East LLC ("LLC"), is treated as a "disregarded entity" for income tax purposes. Therefore, LLC's financial activity is reported in conjunction with the Federal income tax filings of the Club.

The Club recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Club does not believe its consolidated financial statements include any uncertain tax positions. The Club is generally no longer subject to examination by the Internal Revenue Service for years before 2010.

Management's Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions 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 years then ended. Actual results could differ from those amounts.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. The reclassifications have no effect on previously reported change in net assets.

Subsequent Events

Management has evaluated subsequent events through November 19, 2015, the date which the consolidated financial statements were available for issuance.

Note 2 – Investments

Investments are recorded at fair value and consist of the following at June 30:

	2015	2014
Cash and cash equivalents	**$ 1,995,527**	$ 1,098,662
Equity securities	**5,237,500**	4,937,910
Mutual funds	**4,990,017**	5,080,691
Fixed income securities	**1,896,696**	1,814,497
Real estate investment trust	**332,584**	341,115
Exchange-traded products	**2,305,057**	2,857,019
Total investments	**$ 16,757,381**	$ 16,129,894

Note 3 - Beneficial Interest in Perpetual and Irrevocable Trusts

The fair market value of the Club's beneficial interest in irrevocable perpetual trusts amounted to $4,426,500 and $4,747,878 at June 30, 2015 and 2014, respectively.

During the years ended June 30, 2015 and 2014, the change in market value of the Club's beneficial interest in perpetual trusts amounted to net (losses) and gains of ($321,378) and $305,479, respectively, and is included in the accompanying consolidated statements of activities as a component of net realized and unrealized gains and losses on investments.

Additionally, the Club is the beneficiary of several charitable remainder trusts from which the Club expects to receive its interest upon the termination of each trust. As of June 30, 2015 and June 30, 2014, the Club has not recorded its interest in these trusts as the required information has not been made available.

Note 4 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Club have the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability, used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market data, which requires management to develop its own assumptions.

Note 4 - Fair Value Measurements – continued

The following table presents the Club's investments and beneficial interest in perpetual trusts measured at fair value on a recurring basis, segregated by level within the fair value hierarchy, as of June 30, 2015:

	Fair Value Measurements at Reporting Date Using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-term investments	$ 1,995,527	$ -	$ -	$ 1,995,527
Equity securities:				
Domestic	3,863,512	-	-	3,863,513
International	1,373,988	-	-	1,373,988
Total equity securities	5,237,500	-	-	5,237,500
Mutual funds	4,990,017	-	-	4,990,017
Fixed income securities:				
Corporate bonds	1,896,696	-	-	1,896,696
Exchange-traded funds	2,305,057	-	-	2,305,057
Real estate investment trust	-	332,584	-	332,584
Total investments	$ 16,424,797	$ 332,584	$ -	$ 16,757,381
Beneficial interest in perpetual trusts	$ -	$ -	$ 4,426,500	$ 4,426,500

Note 4 - Fair Value Measurements – continued

The following table presents the Club's investments and beneficial interest in perpetual trusts measured at fair value on a recurring basis, segregated by level within the fair value hierarchy, as of June 30, 2014:

	Fair Value Measurements at Reporting Date Using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-term investments	$ 1,098,662	$ -	$ -	$ 1,098,662
Equity securities:				
Domestic	4,249,312	-	-	4,249,312
International	688,598	-	-	688,598
Total equity securities	4,937,910			4,937,910
Mutual funds	5,080,691	-	-	5,080,691
Fixed income securities:				
Corporate bonds	1,666,490	-	-	1,666,490
Government securities	148,007	-	-	148,007
Total fixed income securities	1,814,497	-	-	1,814,497
Exchange-traded funds	2,857,019	-	-	2,857,019
Real estate investment trust	-	341,115	-	341,115
Total investments	$ 15,788,779	$ 341,115	$ -	$ 16,129,894
Beneficial interest in perpetual trusts	$ -	$ -	$ 4,747,878	$ 4,747,878

There were no transfers between the levels of the fair value hierarchy during the years ended June 30, 2015 and 2014.

Note 4 - Fair Value Measurements - continued

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Club has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Changes in Level 3 assets measured at fair value are as follows for the years ended June 30:

	2015			
	Beginning balance	**Payments received/ writeoff's**	**Net unrealized loss**	**Ending balance**
Beneficial interest in perpetual trusts	**$ 4,747,878**	**$ -**	**$ (321,378)**	**$ 4,426,500**

	2014			
	Beginning balance	Payments received/ writeoff's	Net unrealized gain	Ending balance
Beneficial interest in perpetual trusts	$ 4,442,399	$ -	$ 305,479	$ 4,747,878

Gains and losses (realized and unrealized) are included in change in net assets for the years ended June 30, 2015 and 2014 and are reported in realized and unrealized gains and losses in investments, net.

Note 5 - Endowment

The Not-for-Profit Entities Presentation of Financial Statements Subtopic of the FASB'S Accounting Standards Codification ("ASC") (ASC 958-205) provides guidance, among other things, on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). During the year ended June 30, 2013, the State of Florida adopted UPMIFA. The effective date of the legislation enacting Florida UPMIFA was July 1, 2012. The following disclosures are required by ASC 958-205 for all not-for-profit organizations.

Note 5 – Endowment – continued

Interpretation of Relevant Law

The management of the Club's endowed funds is guided by the laws of the State of Florida specifically, the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The Board of Directors of the Club has interpreted FUPMIFA as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Board of Directors classifies as permanently restricted net assets (a) the original value of gifts donated to a 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Club in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

1) The purpose of the Club
2) The intent of the donor of the endowment fund
3) The terms of the applicable instrument
4) The long-term and short-term needs of the Club in carrying out its purposes
5) General economic conditions
6) The possible effect of inflation or deflation
7) The other resources of the Club
8) Perpetuation of the endowment

Return Objectives and Risk Parameters

The Club has a spending policy of appropriating for distribution each year 4% of its endowment fund's fair value as of June 30th of the prior fiscal year. The spending policy only applies to the investment component of the endowment fund. The Board of Directors may also authorize distributions in connection with specific capital projects or other long-term purposes. In establishing this policy, the Club considered the long-term expected investment return on its investment portion of the endowment. Accordingly, over the long term, the Club expects the current spending policy to allow the investment component of the endowment fund to grow at an average of 4% annually. This is consistent with the Club's objective to maintain the purchasing power of the investment endowment assets as well as to provide additional real growth through investment returns. Distributions are generally scheduled for July, the first month of the fiscal year.

Strategies Employed for Achieving Objectives

To meet the needs of the Club, the Club's investment strategy emphasizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) by following the strategies outlined above.

Note 5 – Endowment – continued

Spending Policy and How the Investment Objective Relates to Spending Policy

To achieve the above growth objective, the Club has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Investment endowment assets are invested in a well diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation protected rate of return that has sufficient liquidity to make an annual distribution of 4% while growing the fund, if possible. Accordingly, the Club expects its investment endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the investment component of the endowment fund to unacceptable levels of risk.

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

	2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Board-restricted investments	**$ 4,900,742**	**$ -**	**$ -**	**$ 4,900,742**
Donor-restricted investments	**137,636**	**13,342**	**9,288,935**	**9,439,913**
Beneficial interest in perpetual trusts	**-**	**-**	**3,797,620**	**3,797,620**
	$ 5,038,378	**$ 13,342**	**$ 13,086,555**	**$ 18,138,275**

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-restricted investments	$ 4,900,742	$ -	$ -	$ 4,900,742
Donor-restricted investments	544,806	13,342	9,278,882	9,837,030
Beneficial interest in perpetual trusts	-	-	4,051,578	4,051,578
	$ 5,445,548	$ 13,342	$ 13,330,460	$ 18,789,350

From time to time, the fair value of assets associated with the donor-restricted endowment funds may fall below the amount required to be retained permanently. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets, and were $0 as of both June 30, 2015 and 2014.

The Board of Trustees had designated $4,900,742 of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Note 5 – Endowment – continued

Changes in endowment net assets are as follows for the years ended June 30:

	2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total Net Endowment Assets**
Endowment net assets, beginning of year	**$ 5,445,548**	**$ 13,342**	**$ 13,330,460**	**$ 18,789,350**
Investment income	**498,754**	**-**	**-**	**498,754**
Net depreciation of investments	**(227,908)**	**-**	**-**	**(227,908)**
Contribution	**-**	**-**	**10,000**	**10,000**
Net depreciation of beneficial interest in perpetual trust and cash surrender value of life insurance	**-**	**-**	**(253,905)**	**(253,905)**
Amounts appropriated for expenditure	**(678,016)**	**-**	**-**	**(678,016)**
Endowment net assets, end of year	**$ 5,038,378**	**$ 13,342**	**$ 13,086,555**	**$ 18,138,275**

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 4,345,548	$ 13,342	$ 13,017,939	$ 17,376,829
Investment income	440,620	-	-	440,620
Net appreciation of investments	1,359,539	-	-	1,359,539
Contribution	-	-	22,249	22,249
Board contribution to unrestricted endowment	1,100,000	-	-	1,100,000
Net appreciation of beneficial interest in perpetual trust and cash surrender value of life insurance	-	-	290,272	290,272
Amounts appropriated for expenditure	(1,800,159)	-	-	(1,800,159)
Endowment net assets, end of year	$ 5,445,548	$ 13,342	$ 13,330,460	$ 18,789,350

Note 6 - Notes Receivable

The Club is the holder of an unsecured note receivable and receives payments of principal and interest on a quarterly basis. The note bears interest at 5.91% per annum, and is amortized over 30 years with a maturity date of November 15, 2028. The principal balance of the note as of June 30, 2015 and 2014 amounted to $416,892 and $446,670, respectively. Interest earned on the note receivable during the years ended June 30, 2015 and 2014, amounted to $26,398 and $28,158, respectively.

During November 2012, the Club sold its building located at 1421 Oakland Park Blvd to GA 1421, LLC for $1,600,000. The sale generated a note receivable in the form of a promissory note in the amount of $1,200,000. The note bears interest at 5.75% per annum and the principal balance was repaid in full as of June 30, 2015.

Note 7 – Property and Equipment, Net

Property and equipment consisted of the following at June 30:

	2015	2014
Land	**$ 2,853,232**	$ 2,853,232
Building and improvements	**17,130,315**	16,632,966
Equipment and software	**1,528,383**	1,390,511
Transportation equipment	**336,062**	336,062
	21,847,992	21,212,771
Less: accumulated depreciation	**(7,979,844)**	(7,277,271)
Property and equipment, net	**$ 13,868,148**	$ 13,935,500

Depreciation expense for the years ended June 30, 2015 and 2014 amounted to $702,573 and $634,624, respectively.

During July 2011, the Club ceased operations of one of their Clubs referred to as the Admirals unit. The Club sold the unit on August 21, 2013 for approximately $2,380,000 to The School Board of Broward County, Florida. For the year ended June 30, 2014, the net loss on the sale of the building amounted to $776,606.

During 2014, the Club, together with the Town of Davie, began construction of a gymnasium facility totaling approximately $2,016,000 to provide for indoor sports activities to its youth members. As a result, the Town of Davie assisted the Organization by providing $960,000 of this amount for this construction which has been recorded as an in-kind contribution in the accompanying consolidated financial statements for the year ended June 30, 2014. This project and related construction was completed on June 30, 2014.

Note 8 - Contributions Receivable on Donated Facilities

The Club operates under long-term leases whose use of the related facilities is donated. The expiration dates and the related receivable associated with each facility consisted of the following at June 30:

	2015			
	Expiration Date	**Gross Receivable**	**Unamortized Discount, at 3%**	**Net Receivable**
Hollywood	**2031**	**$ 425,013**	**$ (85,573)**	**$ 339,440**
North Lauderdale	**2034**	**632,844**	**(45,058)**	**587,786**
Pompano	**2024**	**1,577,334**	**(189,898)**	**1,387,436**
Town of Davie # 1	**2039**	**713,814**	**(205,145)**	**508,669**
Town of Davie # 2	**2101**	**2,556,024**	**(1,640,960)**	**915,064**
		$ 5,905,029	**$ (2,166,634)**	**$ 3,738,395**

	2014			
	Expiration Date	Gross Receivable	Unamortized Discount, at 3%	Net Receivable
Hollywood	2031	$ 450,519	$ (95,109)	$ 355,410
North Lauderdale	2034	55,837	(486)	55,351
Pompano	2024	1,759,334	(233,775)	1,525,559
Town of Davie # 1	2039	744,367	(220,868)	523,499
Town of Davie # 2	2101	2,585,774	(1,667,449)	918,325
		$ 5,595,831	$ (2,217,687)	$ 3,378,144

Note 9 - Employee Benefit Plan

The Club sponsors a defined contribution money purchase plan (the "Plan") formed under the administration of the Boys & Girls Clubs of America Master Pension Plan and Trust. The Plan covers substantially all full-time employees meeting certain age and length of service requirements.

At June 30, 2015 and 2014, the Club had a contribution payable to the Plan in the amount of $273,879 and $227,009, respectively, which is included as a component of accounts payable and accrued expenses in the accompanying consolidated statements of financial position. The Club’s contributions to the Plan for the years ended June 30, 2015 and 2014 totaled $267,196 and $277,324, respectively, and is included in employee benefits on the accompanying consolidated statements of functional expenses.

Note 10 - Compensated Absences

The Club's liability for compensated absences of their employees was $151,605 and $128,831, which is included in accounts payable and accrued expenses as of June 30, 2015 and 2014, respectively. This represents amounts owed to employees under the Club's paid leave policies.

Note 11 - Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

	2015	2014
Program operations	$ 819,470	$ 620,124
Capital projects	-	17,316
Time restrictions	5,007,508	4,718,111
	$ 5,826,978	$ 5,355,551

At June 30, 2015 and 2014, permanently restricted net assets amounted to $13,086,555 and $13,330,460, respectively, and were restricted for endowment.

Note 12 - Line of Credit

The Club maintained a $500,000 unsecured line of credit with a bank, bearing interest at the 1-month LIBOR rate plus 2%. The Club had no outstanding borrowings as of June 30, 2015 and 2014. The line of credit expires on December 31, 2015.

Note 13 - Related Party Transactions

Boys & Girls Clubs of America

The Club is a subsidiary of the Boys & Girls Clubs of America. The Club's programs are sanctioned by the Boys & Girls Clubs of America, although its operations and management are independent of the national organization. At June 30, 2015 and 2014, grants receivable from the Boys & Girls Clubs of America amounted to $29,160 and $20,237, respectively. For the years ended June 30, 2015 and 2014, grant revenues from the Boys & Girls Clubs of America amounted to $144,509 and $95,885, respectively.

Board of Directors

The Club, during its normal course of operations, receives public support from members of its Board of Directors. At June 30, 2015 and 2014, net accounts receivable from members of the Board of Directors amounted to $188,716 and $142,279, respectively. For the years ended June 30, 2015 and 2014, public support from members of the Board of Directors amounted to $1,217,826 and $1,059,845, respectively.

Note 14 – Commitments and Contingencies

Granting Agencies

In the normal course of activities, the Club receives grants and other forms of reimbursement from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that all of the expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

Note 14 – Commitments and Contingencies – continued

Economic Conditions

The Club depends substantially on contributions and contributed services for its revenues. The ability of certain Club contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Club's Board of Directors believes the Club has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

Litigation

Management does not believe there is any litigation threatened against the Club other than routine matters arising out of the normal course of activities, some of which are expected to be covered by liability insurance, and none of which are expected to have a material adverse effect on the consolidated financial statements.

Operating Leases

The Club leases various office equipment under operating leases. These leases are for various terms starting June 2011 and expire at various dates through 2018.

The following is a schedule of future minimum rental payments under the operating lease agreements as of June 30, 2015:

2016	$	14,404
2017		7,898
2018		557
Total	$	22,859

Lease expenses under these leases were approximately $22,300 and $14,100 for the years ended June 30, 2015 and 2014, respectively.

Supplementary Schedules

Boys and Girls Clubs of Broward County, Inc. and Subsidiary
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Grantor Program Title	Pass-Through Entity Identifying Number	CFDA Number	Granted Period	Total Expenditures
U.S. Department of Agriculture				
Florida Department of Education:				
Summer Food Service Program for Children	04-0782	10.559	6/9/14 to 8/15/14	$ 399,649
Summer Food Service Program for Children	04-0782	10.559	6/8/15 to 8/14/15	226,850
Florida Department of Health:				
Child and Adult Care Food Program	A-3159	10.558	10/1/14 to 9/30/15	1,151,493
Total U.S. Department of Agriculture Pass-Through Programs				1,777,992
U.S. Department of Justice Direct Programs- Pass Through Programs From:				
Boys & Girls Clubs National Youth Mentoring Programs				
(Mentoring Grant)	2013-MU-FX-0070	16.726	10/1/13 to 9/30/14	8,095
Boys & Girls Clubs National Youth Mentoring Programs				
(Mentoring Grant)	2014-JU-FX-0018	16.726	1/1/15 to 12/31/15	48,126
Total U.S. Department of Justice Direct Programs				56,221
U.S. Department of Housing and Urban Development Direct Programs				
City of Pompano Beach Community Development Block Grant		14.218	10/01/14 to 9/30/15	63,543
City of Hollywood Community Development Block Grant		14.218	10/01/14 to 9/30/15	6,487
Harmony Village Community Redevelopment Revitalization Plan		14.218	12/04/01 to 12/04/2021	29,750
Total U.S. Department of Housing and Urban Development				99,780
Total Expenditures of Federal Awards				$ 1,933,993

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Boys & Girls Clubs of Broward County, Inc. under programs of the federal government for the year ended June 30, 2015, and is presented on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

Boys and Girls Clubs of Broward County, Inc. and Subsidiary

Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2015

State Grantor/Grantor Program Title	Contract / Grant Number	CSFA Number	Granted Period		Total Expenditures
Florida Department of Juvenile Justice Pass-Through Program from:					
The Florida Alliance of Boys & Girls Clubs:					
DJJ Gang Prevention through Targeted Outreach Grant	V2039	80.029	7/1/14 to 6/30/15	$	522,226
Florida Department of Education Pass-Through Program from:					
The Florida Alliance of Boys & Girls Clubs:					
Mentoring Student Assistance Initiatives	96449	48.068	7/1/14 to 6/30/15		270,324
Total State Awards				$	792,550

Basis of Presentation:

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Boys & Girls Clubs of Broward County, Inc. under state programs for the year ended June 30, 2015 and is presented on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government **Auditing Standards***

To the Board of Directors of
Boys & Girls Clubs of Broward County, Inc. and Subsidiary

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the Boys & Girls Clubs of Broward County, Inc. and Subsidiary (a non-profit organization) (the "Club") which consolidated comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Club's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, we do not express an opinion on the effectiveness of the Club's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Club's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government* ***Auditing Standards***
(continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Goldstein Schechter Koch, P.A.

Coral Gables, Florida
November 19, 2015

Independent Auditors' Report on Compliance for Each Major Federal Program
and Major State Project and Report on Internal Control Over Compliance
Required by OMB Circular A-133 and Chapter 10.650,
Rules of the Florida Auditor General

To the Board of Directors of
Boys & Girls Clubs of Broward County, Inc. and Subsidiary
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Report on Compliance for Each Major Federal Program and State Project

We have audited the Boys and Girls Clubs of Broward County, Inc. and Subsidiary's (the "Club") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement,* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of the Club's major Federal programs and State projects for the year ended June 30, 2015. The Club's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs and State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Club's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Florida Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Club's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, out audit does not provide a legal determination of the Club's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Club complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Club is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Club's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Club's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirements of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133, and Chapter 10.650, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Goldstein Schechter Koch, P.A.

Coral Gables, Florida
November 19, 2015

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____Yes __X__No
Significant deficiencies identified not considered to be material weaknesses?	_____Yes __X__No
Noncompliance material to financial statements noted?	_____Yes __X__No

Federal Awards and State Projects:

Internal control over major programs:	
Material weaknesses identified?	_____Yes __X__No
Significant deficiencies identified not considered to be material weaknesses?	_____Yes __X__No
Type of auditors' report issued on compliance of major program?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or Chapter 10.650, Rules of the Florida Auditor General	_____Yes __X__No
Identification of major programs:	
CFDA Numbers	10.558 and 10.559
CSFA Numbers	80.029 and 48.068
Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	__X__Yes ____No

Section I - Financial Statements Findings

There are no findings on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards.

Section II - Federal Award and State Project Findings

There are no findings on Internal Control over Compliance in accordance with OMB A – 133 or Chapter 10.650, Rules of the Florida Auditor General.

Section III - Federal and State Project Findings and Questioned Costs

None reported

No prior audit findings were noted related to federal awards.

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