



**Boys & Girls Clubs of
Central Florida, Inc.**

Financial Statements

Years Ended June 30, 2018 and 2017

Boys & Girls Clubs of Central Florida, Inc.

Financial Statements
Years Ended June 30, 2018 and 2017

Boys & Girls Clubs of Central Florida, Inc.

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Independent Auditor's Report

Board of Directors
Boys & Girls Clubs of Central Florida, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Clubs of Central Florida, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
December 13, 2018

Financial Statements

Boys & Girls Clubs of Central Florida, Inc.

Statements of Financial Position

<i>June 30,</i>	2018	2017
Assets		
Current:		
Cash and cash equivalents	\$ 3,328,806	\$ 2,631,980
Grants receivable	1,352,654	934,385
Contributions receivable, current portion, net (Note 4)	3,220,618	2,241,367
Prepaid expenses	234,899	273,437
Land held for sale	220,100	190,000
Total current assets	8,357,077	6,271,169
Property and equipment, net (Note 5)	17,771,343	14,547,014
Other assets:		
Assets limited as to use (Note 3)	16,882,361	3,565,406
Investments (Note 3)	6,148,129	5,911,179
Contributions receivable, long term, net (Note 4)	4,252,242	1,979,054
Other	70,999	52,110
Total other assets	27,353,731	11,507,749
	\$ 53,482,151	\$ 32,325,932
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 397,550	\$ 206,117
Accrued expenses	322,636	303,515
Deferred revenues	178,727	280,478
Total current liabilities	898,913	790,110
Commitments and contingencies (Notes 6, 8 and 13)		
Net assets (Note 7):		
Unrestricted	37,688,374	19,883,526
Temporarily restricted	13,704,127	10,442,610
Permanently restricted	1,190,737	1,209,686
Total net assets	52,583,238	31,535,822
	\$ 53,482,151	\$ 32,325,932

See accompanying notes to financial statements.

Boys & Girls Clubs of Central Florida, Inc.

Statements of Activities

<i>Year Ended June 30,</i>	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and support:								
Government revenues	\$ 5,196,558	\$ —	\$ —	\$ 5,196,558	\$ 5,196,358	\$ —	\$ —	\$ 5,196,358
Contributions	3,318,952	1,345,796	—	4,664,748	2,043,741	1,537,728	384,795	3,966,264
In-kind contributions (Note 2)	2,619,765	—	—	2,619,765	2,579,594	—	—	2,579,594
United Way	558,309	201,615	—	759,924	488,837	90,553	—	579,390
Special events	895,456	—	—	895,456	1,162,913	—	—	1,162,913
Dues and program services	890,640	—	—	890,640	661,998	—	—	661,998
Other revenues	673,229	—	—	673,229	512,480	—	—	512,480
Impairment loss on land held for sale (Note 2)	—	—	—	—	(60,000)	—	—	(60,000)
Net assets released from restrictions (Note 7)	5,503,885	(5,503,885)	—	—	1,326,266	(1,326,266)	—	—
Total operating revenues and support	19,656,794	(3,956,474)	—	15,700,320	13,912,187	302,015	384,795	14,598,997
Operating expenses:								
Program services	12,747,899	—	—	12,747,899	11,529,364	—	—	11,529,364
Supporting services:								
Management and general	2,515,225	—	—	2,515,225	1,801,938	—	—	1,801,938
Fundraising	1,901,840	—	—	1,901,840	1,533,100	—	—	1,533,100
Total operating expenses	17,164,964	—	—	17,164,964	14,864,402	—	—	14,864,402
Operating revenues and support in excess of operating expenses	2,491,830	(3,956,474)	—	(1,464,644)	(952,215)	302,015	384,795	(265,405)
Non-operating revenues and support:								
Bequest - board designated endowment (Note 7)	14,116,771	—	—	14,116,771	—	2,190,455	—	2,190,455
Contributions restricted for capital projects	—	6,820,717	—	6,820,717	—	—	—	—
Investment return (Note 3)	413,145	82,913	—	496,058	550,927	108,982	—	659,909
Net assets contributed (Note 12)	783,102	295,412	—	1,078,514	—	—	—	—
Total non-operating revenues and support	15,313,018	7,199,042	—	22,512,060	550,927	2,299,437	—	2,850,364
Transfer of permanently restricted net assets	—	18,949	(18,949)	—	—	—	—	—
Change in net assets	17,804,848	3,261,517	(18,949)	21,047,416	(401,288)	2,601,452	384,795	2,584,959
Net assets, beginning of year	19,883,526	10,442,610	1,209,686	31,535,822	20,284,814	7,841,158	824,891	28,950,863
Net assets, end of year	\$ 37,688,374	\$ 13,704,127	\$ 1,190,737	\$ 52,583,238	\$ 19,883,526	\$ 10,442,610	\$ 1,209,686	\$ 31,535,822

See accompanying notes to financial statements.

Boys & Girls Clubs of Central Florida, Inc.

Statements of Cash Flows

<i>Year Ended June 30,</i>	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 21,047,416	\$ 2,584,959
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Contributions restricted for capital projects	(6,820,717)	(2,190,455)
Depreciation	671,763	584,250
Amortization of pledge discount	80,924	50,375
Provision for uncollectible contributions	260,462	79,892
Donated property and equipment	(260,868)	(1,600)
Donated stock	(158,686)	(138,366)
Impairment loss on land held for sale	—	60,000
Net realized and unrealized gain on investments	(281,750)	(486,465)
Cash provided by (used for):		
Grants receivable	(418,269)	(240,528)
Contributions receivable	(3,593,825)	(1,969,847)
Prepaid expenses	38,538	(40,361)
Other assets	(18,889)	—
Accounts payable and accrued expenses	210,554	(333,536)
Deferred revenue	(101,751)	12,873
Net cash provided by (used for) operating activities	10,654,902	(2,028,809)
Cash flows from investing activities:		
Purchase of property and equipment	(3,665,324)	(87,773)
Transfer of investments to cash	60,000	3,000,013
Purchase of investments	(1,795,033)	(1,885,365)
Proceeds from sale of investments	1,938,519	1,137,007
Net cash provided by (used for) investing activities	(3,461,838)	2,163,882
Cash flows from financing activities:		
Contributions restricted for capital projects	6,820,717	2,190,455
Net increase in cash and cash equivalents	14,013,781	2,325,528
Cash and cash equivalents, beginning of year	6,197,386	3,871,858
Cash and cash equivalents, end of year	\$ 20,211,167	\$ 6,197,386

Cash and cash equivalents is included in the following captions on the statement of financial position:

<i>Year Ended June 30,</i>	2018	2017
Cash and cash equivalents	\$ 3,328,806	\$ 2,631,980
Assets limited as to use	16,882,361	3,565,406
	\$ 20,211,167	\$ 6,197,386

See accompanying notes to financial statements.

Boys & Girls Clubs of Central Florida, Inc.

Statements of Functional Expenses

Year Ended June 30,	2018				2017			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
Personnel:								
Salaries	\$ 4,823,580	\$ 1,182,521	\$ 843,534	\$ 6,849,635	\$ 4,262,550	\$ 956,004	\$ 539,916	\$ 5,758,470
Employee benefits	445,589	153,423	156,789	755,801	461,163	158,629	94,382	714,174
Payroll taxes	402,223	113,416	66,311	581,950	321,908	68,058	36,507	426,473
	5,671,392	1,449,360	1,066,634	8,187,386	5,045,621	1,182,691	670,805	6,899,117
Other:								
Occupancy	426,907	64,463	4,180	495,550	395,335	33,032	7,254	435,621
Building repairs and maintenance	357,558	43,297	—	400,855	312,901	4,867	10,238	328,006
Equipment expenses	244,499	56,148	20,114	320,761	226,931	25,868	18,941	271,740
Transportation	393,326	41,484	9,490	444,300	345,526	35,991	17,337	398,854
Program materials	2,170,308	29,473	197,665	2,397,446	1,845,404	26,693	164,526	2,036,623
In-kind expenses	2,093,641	184,898	353,655	2,632,194	2,096,623	76,097	405,275	2,577,995
Professional fees	334	63,262	—	63,596	14,479	43,436	—	57,915
Pre-employment fees	37,104	20,025	2,426	59,555	37,759	8,119	61	45,939
Contract services	256,135	123,775	17,027	396,937	318,025	138,966	24,213	481,204
Insurance	239,127	21,880	—	261,007	220,513	14,724	—	235,237
Postage, supplies and printing	48,770	35,882	8,653	93,305	39,514	23,723	16,569	79,806
Training	40,974	10,770	7,062	58,806	13,809	11,691	1,422	26,922
Dues and subscriptions	89,373	28,185	—	117,558	34,175	18,132	5,430	57,737
Service charges	18,760	28,060	23,255	70,075	14,418	28,067	14,871	57,356
Miscellaneous	8,461	293,730	2,814	305,005	8,377	106,277	4,293	118,947
Capital campaign expenses	—	—	188,865	188,865	—	—	171,133	171,133
Total other expenses	6,425,277	1,045,332	835,206	8,305,815	5,923,789	595,683	861,563	7,381,035
Total expenses before depreciation	12,096,669	2,494,692	1,901,840	16,493,201	10,969,410	1,778,374	1,532,368	14,280,152
Depreciation	651,230	20,533	—	671,763	559,954	23,564	732	584,250
Total expenses	\$ 12,747,899	\$ 2,515,225	\$ 1,901,840	\$ 17,164,964	\$ 11,529,364	\$ 1,801,938	\$ 1,533,100	\$ 14,864,402

See accompanying notes to financial statements.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

1. Nature of Organization

Boys & Girls Clubs of Central Florida, Inc. (the "Organization") is a nonprofit organization that was established to provide behavioral prudence and to promote the health and the social, educational, vocational and character development of boys and girls in the Central Florida area.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

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

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that the net assets be held and invested in perpetuity.

Operating and Non-Operating Revenues and Support

Operating revenues and support were received to support current mission related activities of the Organization, while non-operating revenues and support are from contributions and bequests and related investment returns that are not available for current mission related activities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Assets Limited as to Use

Assets limited as to use include cash and cash equivalents which are held for a board designated endowment established from a bequest received during fiscal 2018 (see Note 7) and capital contributions restricted for capital projects.

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are combined with investment income earned during the period and presented as investment return on the accompanying statements of activities.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

Grants Receivable

Grants receivable represent amounts owed to the Organization from federal, state and local governments for services rendered under contractual obligations and grants from Boys & Girls Club of America, corporations and foundations. All outstanding grants receivable are expected to be collected within one year and are considered collectible and an allowance for uncollectible amounts was not recorded.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and are recorded when the promises to contribute are made. Contributions receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Organization provides an allowance for uncollectible contributions based on historical collection experience.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value on the date received if donated. Buildings and equipment are depreciated using the straight-line method over the estimated life of the assets.

Contributed services are recognized as contributions and recorded at fair value if the services create or enhance nonfinancial assets, require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization. During the years ended June 30, 2018 and 2017, the Organization received approximately \$191,000 and \$178,000, respectively, of contributed services consisting mainly of transportation, technology, legal fees and construction services which is reflected in the accompanying statements of activities. The Organization has numerous volunteers providing assistance to the Organization's program services and fundraising campaigns which are not recognized in the accompanying financial statements.

Impairment of Long-Lived Assets and Land Held for Sale

The Organization reviews its 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 undiscounted 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 amounts of the assets exceed 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. During fiscal 2018, there was no impairment of assets. During fiscal 2017, the Organization recorded an impairment on idle land held for sale of \$60,000. Fair value for this property was based on a sales offer for the property. As of the date of these financial statements, the Organization has not sold this property.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

Revenues

A significant portion of the Organization's government contracts and certain United Way grants are exchange transactions in which each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and, as such, are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose. Funds received in advance under contractual obligations for which services have yet to be performed are recognized as deferred revenue.

Special event revenue is recognized when the event takes place.

Dues and program services are recognized as revenue as services are provided.

Contributions and Donor-Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restriction. If a temporary restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

In-Kind Contributions

Donated goods and services are recorded at fair value on the date donated and presented as in-kind contributions in the accompanying statements of activities. Donated facilities represents the excess of the fair rental value of building leases over below market rent payments due under lease agreements. The Organization received the following in-kind contributions, which are included in the statements of activities as in-kind contributions and net assets contributed:

<i>Year Ended June 30,</i>	2018	2017
Facilities rent	\$ 1,857,824	\$ 1,410,399
Property and equipment	260,868	1,600
Professional services	178,533	—
Program materials and supplies	85,296	78,301
Advertising	73,630	178,099
Auction items	155,802	193,315
Theme park tickets	83,098	385,038
Other	120,690	332,842
Total	\$ 2,815,741	\$ 2,579,594

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the program and supporting services directly benefited. Other expenses are allocated based on management's estimate of the benefit derived by each activity.

Fair Value of Financial Instruments

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring 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 below:

Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, contributions and grants receivable due in one year or less, and accounts payable and accrued compensation. Contributions due beyond one year are recorded at their net present value using a risk-free interest rate available on U.S. Treasury issues at the date the pledge was made with an equivalent term approximately equal to the number of years the contribution will be paid, which approximates fair value.

The Organization's Level 1 financial assets consist of investments identified in Note 2 and are valued on a daily basis in an active market. There were no Level 2 or 3 financial assets or liabilities.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions in the Florida Income Tax Code.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years currently subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Use of Estimates

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

Accounting Pronouncements Issued but Not Yet Adopted

Financial Statement Presentation of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statements of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Organization is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

Contributions Received and Contributions Made

In June 2018 the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred.

The new standard is effective for fiscal periods beginning after December 15, 2018, using either of the following transition methods: (i) a modified prospective in the first set of financial statements following the effective date to agreements that are either not completed as of the effective date or entered into after the effective date, or (ii) a full retrospective approach reflecting the application of the standard in each prior reporting period in the financial statements. Early adoption is permitted. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

Reclassifications

Certain items have been reclassified in the 2017 financial statements to conform to the 2018 presentation.

3. Investments and Assets Limited as to Use

The Organization's investments consist of the following:

<i>June 30,</i>	2018	2017
Level 1:		
Small cap equities	\$ 670,402	\$ 634,490
Mid cap equities	477,805	487,299
Large cap equities	1,800,213	1,664,300
International equities	506,849	600,005
Fixed income mutual funds	2,692,860	2,525,085
	<hr/>	<hr/>
	\$ 6,148,129	\$ 5,911,179

Investment income consists of the following:

<i>Year Ended June 30,</i>	2018	2017
Net realized and unrealized gain on investments	\$ 281,750	\$ 486,465
Dividends and interest	214,308	173,444
	<hr/>	<hr/>
	\$ 496,058	\$ 659,909

Assets limited as to use consist of the following cash and cash equivalents:

<i>June 30,</i>	2018	2017
Board designated endowment (Note 7)	\$ 14,463,253	\$ —
Capital contributions	2,419,108	3,565,406
	<hr/>	<hr/>
	\$ 16,882,361	\$ 3,565,406

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

4. Contributions Receivable

Contributions receivable are due as follows:

<i>June 30,</i>	2018	2017
Less than one year	\$ 3,504,481	\$ 2,334,082
One to five years	4,050,355	2,132,582
More than five years	274,967	11,496
	7,829,803	4,478,160
Less: allowance for uncollectible contributions	(203,713)	(185,433)
Less: present value discount ranging from 0.72% to 3.34%	(153,230)	(72,306)
	\$ 7,472,860	\$ 4,220,421
Contributions receivable current portion, net	\$ 3,220,618	\$ 2,241,367
Contributions receivable, long term, net	4,252,242	1,979,054
	\$ 7,472,860	\$ 4,220,421

5. Property and Equipment

Property and equipment is summarized as follows:

<i>June 30,</i>	Useful Life	2018	2017
Land	—	\$ 419,650	\$ 449,750
Buildings and improvements	5-40 years	21,404,477	17,338,189
Furniture and equipment	5-10 years	1,797,575	1,592,869
Automotive equipment	5 years	519,037	357,741
Building in progress	—	8,010	514,108
		24,148,749	20,252,657
Less: accumulated depreciation		(6,377,406)	(5,705,643)
		\$ 17,771,343	\$ 14,547,014

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

6. Profit-Sharing Plan

The Organization established a 401(k) profit sharing plan (the "Plan") effective January 1, 2005. Employees must be 21 years of age and must have completed one year of full-time employment before they become eligible to participate. The Plan provides a graded vesting schedule from two to six years of service. The Organization will contribute the equivalent of 7% of the employee's salary as a profit sharing contribution and provides for a safe harbor match whereby the Organization will contribute, on a matching basis, a dollar for dollar match on the first 3% of employee contribution and a 50% match on the next 2%. The Organization's policy is to fund the Plan's cost. Contributions to the Plan for the years ended June 30, 2018 and 2017, were \$340,104 and \$311,119, respectively, and are included in employee benefits in the accompanying statements of functional expenses.

7. Net Assets

Unrestricted

Unrestricted net assets consist of the following:

<i>June 30,</i>	2018	2017
Board-designated for property and equipment	\$ 17,771,343	\$ 14,547,014
Board-designated endowment	14,463,253	—
Board-designated for capital replacement reserve	2,016,607	1,749,624
Undesignated net assets	3,437,171	3,586,888
	\$ 37,688,374	\$ 19,883,526

Temporarily Restricted

Temporarily restricted net assets are available for the following purposes:

<i>June 30,</i>	2018	2017
Capital expenditures	\$ 10,310,466	\$ 7,433,060
United Way time restricted grants	254,597	140,835
Time restricted contributions	1,452,544	1,278,841
Program operations	1,686,520	1,589,874
	\$ 13,704,127	\$ 10,442,610

The intent of the Organization's capital fundraising campaign, as determined by the Board, is that upon satisfaction of donors' restrictions for capital expenditures, any remaining contributions not spent will be designated by the Board and become a board-designated capital replacement reserve for operating the related capital projects, at which time the remaining funds will be released to unrestricted net assets.

Boys & Girls Clubs of Central Florida, Inc.

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Net assets were released from donor restrictions as follows:

<i>Year Ended June 30,</i>	2018	2017
Capital expenditures	\$ 4,238,723	\$ 171,133
United Way time restricted grants	87,851	333,628
Time restricted contributions	609,806	429,827
Program operations	567,505	391,678
	\$ 5,503,885	\$ 1,326,266

Permanently Restricted and Board Designated Endowments

The Organization records its donor restricted endowment funds as permanently restricted net assets. These assets consist of investments held in perpetuity with investment income used to support general operations, the Youth of the Year program and the Eatonville Club operations. Permanently restricted net assets include the principal of donor restricted endowments that must be maintained permanently and not used up, expended or otherwise exhausted. The Organization's return objective for the donor restricted endowment funds are low yield based on risk parameters that are also very low to protect the endowment corpus. The amount of funds available for distributions is determined on the basis of a total-return principal and will not be dependent upon income generated through interest or dividends. The funds available for distribution during any one year will be limited to five percent of the market value of the corpus, effective December 31 of the given year. Distributions may also be made upon written request of the President, with Board approval.

In April 2018, the Board of Directors approved the establishment of a board-designated endowment fund in the amount of \$14,116,771, which was a bequest received in March 2018. The purpose of this fund is to fund future operating costs of the Organization. Subsequent to June 30, 2018, the Board of Directors approved the formation of Boys & Girls Clubs of Central Florida Foundation, Inc. (the "Foundation") and transferred the board-designated endowment to the Foundation as further discussed in Note 13. The return objectives related to this board-designated endowment fund are consistent with the donor restricted endowment funds. No more than five percent of the market value of the corpus of the board-designated endowment fund can be distributed on an annual basis.

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment fund	\$14,463,253	\$ —	\$ —	\$14,463,253
Donor restricted endowment funds	14,476	492,214	1,190,737	1,697,427
	\$14,477,729	\$ 492,214	\$ 1,190,737	\$16,160,680

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

Changes in the Organization's endowment's net assets for the years ended June 30, 2018 and 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at June 30, 2016	\$ 6,844	\$ 286,788	\$ 824,891	\$ 1,118,523
Contributed support	—	—	384,795	384,795
Interest and dividends	447	28,516	—	28,963
Net realized and unrealized gain on investments	4,585	91,094	—	95,679
Investment fees	(341)	(10,629)	—	(10,970)
Distributions	—	(594)	—	(594)
Endowment net assets at June 30, 2017	11,535	395,175	1,209,686	1,616,396
Contributed support	14,116,771	—	—	14,116,771
Interest and dividends	162,646	31,477	—	194,123
Net realized and unrealized gain on investments	223,869	60,318	—	284,187
Investment fees	(37,092)	(8,880)	—	(45,972)
Distributions	—	(4,825)	—	(4,825)
Transfers	—	18,949	(18,949)	—
Endowment net assets at June 30, 2018	\$14,477,729	\$ 492,214	\$ 1,190,737	\$16,160,680

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") as requiring the preservation of the 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 Organization classifies as permanently restricted net assets: (a) the original value of the gift 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 Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA or as unrestricted net assets. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (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) Other resources of the Organization;
- (7) The investment policies of the Organization.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

8. Commitments and Contingencies

Operating Leases

The Organization has entered into non-cancelable leases for office and program space under agreements with maturity dates of one year or less. Rental expense for the years ended June 30, 2018 and 2017, was \$143,590 and \$96,936, respectively, and is included in occupancy on the statements of functional expenses. Since many of the Organization's leases are month-to-month, the minimum contractual future rental payments are nominal.

Levy Hughes Club

On December 15, 2015, as amended on September 20, 2017, the Organization entered into a Lease and Development Agreement (the "Agreement") with the School Board of Orange County (School Board) for the construction and lease of a downtown club in the Parramore area (Levy Hughes Club). The School Board built a school where they have designated certain areas available for the exclusive use of the Organization for its programs. In connection with this Agreement, the Organization agreed to make a capital contribution of \$4,000,000 to the School Board for the costs of construction of the facility which was fully funded during the year end June 30, 2018 and recorded as buildings and improvements within property and equipment on the accompanying statement of financial position. The School Board agreed to lease the facility to the Organization for 99 years at \$1 per year. The lease commenced July 18, 2017 when the building was completed.

Nassau Club

Effective July, 1, 2017, the Organization entered into a Support Agreement and Lease Agreement with The Boys & Girls Club of Nassau County Foundation, Inc. (Nassau Foundation) which provides for the transfer of certain assets of The Boys & Girls Club of Nassau County, LLC (the sole member of which is Nassau Foundation) related to two clubs it was currently operating (together with future clubs in Nassau County, together, the "Nassau Clubs") and the hiring of certain of its employees and leasing of its facilities. The Organization recorded a contribution of \$53,440 representing the fair value of the furniture, equipment and vehicles transferred by the Nassau Foundation.

The Nassau Clubs will be managed and operated by the Organization and Nassau Foundation will fund the operations. In addition, the Nassau Foundation will pay to the Organization an administrative fee of 8% of the annual direct operational expenses of the Nassau Clubs which was \$59,460 during the year ended June 30, 2018 and recorded as other revenues on the accompanying statement of activities. The Support Agreement can be terminated by either party upon six months' notice in writing. The Lease Agreement provides for annual payments of \$10 through June 30, 2018 with automatic annual extensions unless terminated by either party in writing 30 days prior to the end of the term.

Legal

The Organization is subject to claims and legal proceedings which arise in the ordinary course of business. Management believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position or results of activities of the Organization.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

9. Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents and investments. Cash and cash equivalents include checking and money market accounts placed with federally insured financial institutions and investments. Cash and cash equivalents may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts. Investments consist primarily of fixed income mutual and exchange traded funds and equities. Although the market value of investments is subject to fluctuations on a day-to-day basis, management believes the current investment strategy is prudent for the long-term welfare of the Organization.

10. Economic Dependency

The Organization earned revenues from Orange County, Florida, which represents 9% and 13% of the Organization's total operating revenue and support for the years ended June 30, 2018 and 2017, respectively. In addition, during 2018 and 2017, the Organization earned revenues from the federal government which represented approximately 11% and 14%, respectively, of the Organization's total operating revenue and support. As such, the Organization is dependent upon the continued support of Orange County, Florida and the federal government to provide funding for the Organization's programs and operations.

11. Related Party Transactions

In the ordinary course of business, the Organization enters into transactions with other organizations that have individuals who serve on the Organization's Board of Directors. These transactions are made at arm's length. The Organization obtains its general liability and property insurance through a company whose owner is also a member of the Board of Directors. Amounts paid to this company were \$373,041 and \$316,659 for the years ended June 30, 2018 and 2017, respectively. During 2018, the Organization paid a vendor \$12,575 for legal fees associated with the building of the Levy Hughes Club who is also a member of the Board of Directors. Details of all related party transactions which meet applicable reporting requirements can be found in Internal Revenue Service Form 990 which the Organization files annually.

12. Net Assets Contributed

On September 22, 2017, the Organization entered into a Management and Asset Transfer Agreement (Management Agreement) with the Boys & Girls Club of Lake and Sumter Counties, Inc. (BGCLSC) for the transfer of all of the assets of BGCLSC related to five clubs in Lake and Sumter Counties. The transfer of the assets of BGCLSC was completed on November 1, 2017 (the "Transfer Date"), and the Organization became the surviving entity. The BGCLSC is in the process of being dissolved.

Boys & Girls Clubs of Central Florida, Inc.

Notes to Financial Statements

The following summarizes the net assets transferred to the Organization on the Transfer Date which was recorded as net assets contributed on the accompanying statement of activities for the year ended June 30, 2018:

	Estimated Approximate Fair Value
Cash	\$ 765,471
Grants and contributions receivable	204,612
Property and equipment	195,976
Accounts payable and accrued expenses	(87,545)
<hr/>	
Contribution of net assets	\$ 1,078,514

13. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2018 as of December 13, 2018, which is the date the financial statements were available to be issued. Subsequent events occurring after December 13, 2018 have not been evaluated by management. No material events have occurred since June 30, 2018 that require recognition or disclosure in the financial statements, except as follows:

- On August 8, 2018, the Organization signed a contract for the construction of the Joe R. Lee Club for approximately \$2,883,000. Construction is expected to begin in January 2019 with completion in November 2019.
- On August 15, 2018, the Organization formed the Boys & Girls Clubs of Central Florida Foundation, Inc. (the "Foundation") and subsequently transferred its board-designated endowment of approximately \$14,463,000 (see Note 7). The Foundation was established to support the operations of the Organization. The Organization has the ability to appoint the majority of the Board of Directors of the Foundation. Therefore, the Foundation's financial statements will be consolidated with the Organization's financial statements since the Organization has control over and an economic interest in the Foundation.