

**BOYS & GIRLS CLUBS OF PALM BEACH  
COUNTY, INC. AND AFFILIATE  
REPORT ON AUDITS OF CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE

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## **Independent Auditor's Report**

To the Boards of Directors  
Boys & Girls Clubs of Palm Beach County, Inc.  
and Boys & Girls Clubs Foundation, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate (a non-profit Organization) which comprise the consolidated statements of financial position as of September 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 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 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 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 auditor's 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 consolidated financial position of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate as of September 30, 2015 and 2014, and the consolidated 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

### Report on Supplementary and Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information listed in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. The supplementary and consolidating 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 supplementary and consolidating information has been subjected to the auditing procedures applied in the audits 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 supplementary and consolidating 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 December 7, 2015 on our consideration of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's internal control over financial reporting and on our tests of their 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 the Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's internal control over financial reporting and compliance.

*Templeton & Company, LLP*

West Palm Beach, Florida  
December 7, 2015

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,371,764	\$ 603,063
Portfolio investments	3,723,939	3,897,892
Accounts receivable, net	515,555	586,823
Current portion of unconditional promises to give, net	255,400	240,673
Prepaid expenses	416,542	283,464
Total current assets	6,283,200	5,611,915
Property and equipment, net	16,464,527	16,137,476
Unconditional promises to give, net of current portion	671,851	915,252
Beneficial interest in assets held by community foundation	100,766	100,000
Other assets	65,297	133,616
Total assets	\$ 23,585,641	\$ 22,898,259
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Line of credit	\$ 226,107	\$ 50,000
Accounts payable and accrued expenses	499,037	634,719
Current portion of notes payable	81,483	62,607
Deferred revenue	436,756	564,158
Total current liabilities	1,243,383	1,311,484
Notes payable, net of current portion	677,317	695,998
Total liabilities	1,920,700	2,007,482
Net assets:		
Unrestricted	13,910,918	13,190,978
Temporarily restricted	5,147,417	5,093,193
Permanently restricted	2,606,606	2,606,606
Total net assets	21,664,941	20,890,777
Total liabilities and net assets	\$ 23,585,641	\$ 22,898,259

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	For the Year Ended September 30, 2015				For the Year Ended September 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions and grants	\$ 2,611,412	\$ 664,723	\$ -	\$ 3,276,135	\$ 1,451,456	\$ 704,750	\$ -	\$ 2,156,206
Federal, state and local government grants	2,949,814	-	-	2,949,814	3,059,607	-	-	3,059,607
Special events, net	1,397,269	-	-	1,397,269	1,555,145	-	-	1,555,145
Program revenue	652,434	-	-	652,434	875,621	-	-	875,621
Snack bar and vending, net	22,959	-	-	22,959	19,824	-	-	19,824
Donated facilities and goods	3,270,206	-	-	3,270,206	2,303,504	-	-	2,303,504
Net assets released from restrictions	576,313	(576,313)	-	-	804,933	(804,933)	-	-
Total support and revenue	11,480,407	88,410	-	11,568,817	10,070,090	(100,183)	-	9,969,907
Expenses:								
Program services:								
Character and leadership development	1,114,990	-	-	1,114,990	1,029,069	-	-	1,029,069
Education and career development	2,522,236	-	-	2,522,236	2,327,873	-	-	2,327,873
Sports, fitness and recreation	4,110,356	-	-	4,110,356	3,793,615	-	-	3,793,615
Health and life skills	1,102,862	-	-	1,102,862	1,017,878	-	-	1,017,878
Cultural arts	679,363	-	-	679,363	627,010	-	-	627,010
Total program services	9,529,807	-	-	9,529,807	8,795,445	-	-	8,795,445
Supporting services:								
Management and general	797,367	-	-	797,367	735,923	-	-	735,923
Fund raising	845,108	-	-	845,108	752,225	-	-	752,225
Total expenses	11,172,282	-	-	11,172,282	10,283,593	-	-	10,283,593
Increase (decrease) in net assets before non-operating activities	308,125	88,410	-	396,535	(213,503)	(100,183)	-	(313,686)
Net investment return (loss)	(74,295)	(34,186)	-	(108,481)	248,942	95,751	-	344,693
Net unrealized gain on beneficial interest in assets held by community foundation	766	-	-	766	-	-	-	-
Interest expense	(58,815)	-	-	(58,815)	(29,907)	-	-	(29,907)
Transfer to community foundation	-	-	-	-	(100,000)	-	100,000	-
Gain on sale of property and equipment	544,159	-	-	544,159	-	-	-	-
Increase (decrease) in net assets	719,940	54,224	-	774,164	(94,468)	(4,432)	100,000	1,100
Net assets - beginning of year	13,190,978	5,093,193	2,606,606	20,890,777	13,285,446	5,097,625	2,506,606	20,889,677
Net assets - end of year	\$ 13,910,918	\$ 5,147,417	\$ 2,606,606	\$ 21,664,941	\$ 13,190,978	\$ 5,093,193	\$ 2,606,606	\$ 20,890,777

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended September 30, 2015**

	Program Services					Supporting Services		Total Expenses
	Character and Leadership Development	Education and Career Development	Sports, Fitness and Recreation	Health and Life Skills	Cultural Arts	Management and General	Fund Raising	
Marketing and public relations	\$ 2,338	\$ 5,288	\$ 8,618	\$ 2,312	\$ 1,424	\$ 1,672	\$ 3,261	\$ 24,913
Conferences and staff training	6,536	14,785	24,095	6,465	3,983	4,674	4,215	64,753
Core programs	55,332	125,167	203,978	54,730	33,714	39,570	35,248	547,739
Employee benefits	36,092	81,645	133,053	35,700	21,991	25,811	23,521	357,813
Equipment leasing and maintenance	15,181	34,343	55,966	15,016	9,250	10,857	9,550	150,163
Insurance	38,153	86,306	140,649	37,738	23,246	27,284	35,843	389,219
Building maintenance	54,574	123,454	201,186	53,981	33,252	39,028	34,330	539,805
In-kind:								
Free use of facilities:								
Rent, Belle Glade schools	54,610	123,533	201,316	54,016	33,274	39,053	34,354	540,156
Rent, all other locations	58,703	132,793	216,406	58,065	35,768	41,981	36,929	580,645
Utilities	15,563	35,206	57,372	15,394	9,482	11,130	9,790	153,937
Food program	118,888	268,940	438,276	117,595	72,438	85,021	74,792	1,175,950
Supplies and office expenses	12,972	29,343	47,819	12,830	7,904	9,276	9,566	129,710
Permits and dues	1,091	2,468	4,022	1,079	665	780	686	10,791
Payroll taxes	46,074	104,224	169,849	45,573	28,073	32,949	28,984	455,726
Planning and resource development	509	1,153	1,878	504	310	364	320	5,038
Postage and shipping	1,654	3,741	6,096	1,636	1,008	1,183	1,040	16,358
Professional fees	19,256	43,559	70,987	19,047	11,733	13,771	63,504	241,857
Salaries and casual labor	445,323	1,007,372	1,641,660	440,478	271,334	318,465	326,530	4,451,162
Recruitment	3,253	7,358	11,991	3,217	1,982	2,326	2,046	32,173
Dues and subscriptions	1,740	3,937	6,416	1,721	1,060	1,245	1,400	17,519
Telephone	7,506	16,980	27,671	7,425	4,574	5,368	4,722	74,246
Utilities	18,664	42,219	68,803	18,461	11,372	13,347	11,741	184,607
Travel and lodging	39,256	88,802	144,716	38,829	23,919	28,073	24,695	388,290
Enhancement activities	3,260	7,373	12,017	3,224	1,986	2,331	2,051	32,242
Bad debt expense (recovery), net	305	690	1,124	302	186	218	29,405	32,230
Total expenses before depreciation	1,056,833	2,390,679	3,895,964	1,045,338	643,928	755,777	808,523	10,597,042
Depreciation	58,157	131,557	214,392	57,524	35,435	41,590	36,585	575,240
Total expenses	<u>\$ 1,114,990</u>	<u>\$ 2,522,236</u>	<u>\$ 4,110,356</u>	<u>\$ 1,102,862</u>	<u>\$ 679,363</u>	<u>\$ 797,367</u>	<u>\$ 845,108</u>	<u>\$ 11,172,282</u>

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended September 30, 2014**

	Program Services					Supporting Services		Total Expenses
	Character and Leadership Development	Education and Career Development	Sports, Fitness and Recreation	Health and Life Skills	Cultural Arts	Management and General	Fund Raising	
Marketing and public relations	\$ 5,297	\$ 11,983	\$ 19,527	\$ 5,239	\$ 3,227	\$ 3,788	\$ 3,332	\$ 52,393
Conferences and staff training	7,385	16,706	27,225	7,305	4,500	5,281	4,854	73,256
Core programs	53,351	120,687	196,676	52,771	32,507	38,153	33,827	527,972
Employee benefits	34,950	79,061	128,843	34,570	21,295	24,994	27,639	351,352
Equipment leasing and maintenance	21,073	47,671	77,686	20,844	12,840	15,070	13,257	208,441
Insurance	30,820	69,719	113,618	30,485	18,779	22,041	39,290	324,752
Building maintenance	49,072	111,005	180,900	48,538	29,899	35,093	30,870	485,377
In-kind:								
Free use of facilities:								
Rent, Belle Glade schools	54,610	123,533	201,316	54,016	33,274	39,053	34,354	540,156
Rent, all other locations	62,692	131,816	201,110	62,010	38,198	44,833	39,437	580,096
Utilities	15,539	35,150	57,282	15,370	9,468	11,112	9,775	153,696
Food program	107,111	252,298	424,859	105,946	65,262	76,599	67,381	1,099,456
Supplies and office expenses	11,798	26,688	43,493	11,670	7,188	8,437	7,422	116,696
Permits and dues	3,332	7,537	12,283	3,296	2,030	2,383	2,096	32,957
Payroll taxes	43,566	98,551	160,604	43,092	26,545	31,156	27,407	430,921
Planning and resource development	1,035	2,341	3,816	1,024	631	740	651	10,238
Postage and shipping	1,258	2,846	4,637	1,244	766	900	791	12,442
Professional fees	13,598	30,761	50,130	13,451	8,286	9,725	35,767	161,718
Salaries and casual labor	401,494	908,226	1,480,086	397,125	244,629	287,122	308,243	4,026,925
Recruitment	3,650	8,255	13,454	3,610	2,224	2,610	2,296	36,099
Dues and subscriptions	678	1,535	2,501	671	413	485	1,077	7,360
Telephone	6,643	15,027	24,489	6,571	4,047	4,751	4,179	65,707
Utilities	17,300	39,134	63,775	17,112	10,541	12,372	10,883	171,117
Travel and lodging	28,185	63,758	103,904	27,879	17,173	20,156	17,731	278,786
Enhancement activities	1,520	3,439	5,605	1,504	926	1,087	956	15,037
Bad debt expense (recovery), net	(789)	(1,784)	(2,907)	(780)	(480)	(564)	(5,198)	(12,502)
Total expenses before depreciation	975,168	2,205,943	3,594,912	964,563	594,168	697,377	718,317	9,750,448
Depreciation	53,901	121,930	198,703	53,315	32,842	38,546	33,908	533,145
Total expenses	<u>\$ 1,029,069</u>	<u>\$ 2,327,873</u>	<u>\$ 3,793,615</u>	<u>\$ 1,017,878</u>	<u>\$ 627,010</u>	<u>\$ 735,923</u>	<u>\$ 752,225</u>	<u>\$ 10,283,593</u>



**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
For The Years Ended September 30, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Increase in net assets	\$ 774,164	\$ 1,100
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	575,240	533,145
Gain on sale of property and equipment	(544,159)	-
In-kind contribution of property	(894,000)	-
Realized and unrealized (gains) losses on portfolio investments, net	161,264	(283,949)
Unrealized gain on beneficial interest in assets held by community foundation	(766)	-
(Increase) decrease in operating assets:		
Unconditional promises to give, net	228,674	189,606
Accounts receivable	71,268	137,940
Prepaid expenses	(133,078)	(74,435)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(135,682)	79,606
Deferred revenue	(127,402)	223,365
Net cash provided by (used in) operating activities	(24,477)	806,378
Cash flows from investing activities:		
Sales (purchases) of portfolio investments, net	12,689	(167,107)
Purchases of property and equipment	(115,187)	(113,323)
Proceeds from sale of property and equipment	725,000	-
Transfer of assets to community foundation	-	(100,000)
(Increase) decrease in other assets	68,319	(68,026)
Net cash provided by (used in) investing activities	690,821	(448,456)
Cash flows from financing activities:		
Principal payments on notes payable	(73,750)	(103,871)
Advances (repayments) on line of credit, net	176,107	(75,000)
Net cash provided by (used in) financing activities	102,357	(178,871)
Net increase in cash and cash equivalents	768,701	179,051
Cash and cash equivalents, beginning of year	603,063	424,012
Cash and cash equivalents, end of year	\$ 1,371,764	\$ 603,063
Interest paid	\$ 58,815	\$ 29,907

See accompanying notes to consolidated financial statements.

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies

#### Nature of activities

The Boys & Girls Clubs of Palm Beach County, Inc. (the Club) is a not-for-profit organization which provides educational, athletic and social services to children and teenagers throughout Palm Beach County. The Club's affiliate, Boys & Girls Clubs Foundation, Inc. (the Foundation), is a not-for-profit organization organized to solicit, accept and administer funds and property donated to the Foundation in order to ensure, in perpetuity, the financial stability of the Boys & Girls Clubs of Palm Beach County, Inc. The Organization encompasses both the Club and the Foundation.

The Organization has a long-standing commitment to meeting the needs of members and the general community through five broad program classifications:

Character and leadership development – Nurturing and guiding youthful potential and developing a moral compass through programs, volunteerism and community projects.

Education and career development – Programs such as daily homework help, literacy programs and employability skills training, stress a positive attitude to learning and encourage vocational competence.

Sports, fitness and recreation – Athletic leagues, individual sports and social competence programs build sportsmanship and teamwork and encourage constructive use of leisure time.

Health and life skills – Comprehensive health programs teach nutrition, fitness and personal hygiene, as well as conflict resolution and substance abuse prevention, as part of a healthy lifestyle.

Cultural arts – Developing and nurturing untapped artistic talent through fine arts instruction, photography workshops and the performing arts.

A summary of the significant accounting policies used to prepare the accompanying consolidated financial statements follows:

#### Basis of presentation

The consolidated financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Net assets and revenue, expenses, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of donor-imposed restrictions.

Net assets of the Organization and changes therein are classified as follows:

**Unrestricted net assets** – Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Boards of Directors.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time.

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Basis of presentation, continued

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

Revenue is reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. The expirations of temporary donor-imposed restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled. Unrestricted net assets are presently available for use by the Organization at the discretion of the Boards of Directors.

#### Principles of consolidation

The Organization's consolidated financial statements include the accounts of the Boys & Girls Clubs of Palm Beach County, Inc. and the Boys & Girls Clubs Foundation, Inc., for which the Club has both control and economic interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Contributions and grants

Contributions and grants, including unconditional promises (pledges) to give, are recognized as revenue in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises to give are recorded as contributions at fair value at the date the promises are received.

Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

Amounts pledged are recorded as contributions of permanently restricted net assets, if designated by the donors as such, or temporarily restricted net assets until donor restrictions are met.

The Organization reports non-cash contributions as unrestricted net assets unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports net assets released from restrictions when the donated or acquired long-lived assets are placed in service.

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Revenue recognition

Program revenue is recognized as revenue in the period in which the related services commence. Fees collected prior to the commencement of the program are recognized as deferred revenue.

Special events revenue is recognized as revenue at the time of the event. Amounts received prior to the event are reported as deferred revenue.

The Organization receives various grants from federal, state, local and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenue from grants is deemed earned and recognized in the consolidated statements of activities when expenditures are made for the purposes specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue.

#### Donated facilities, goods, and services

Donated facilities and goods are recorded at their fair value and are reflected as contributions in the accompanying consolidated financial statements. Time donated by volunteers is not recorded in the consolidated financial statements as these services do not require specialized skills or create or enhance nonfinancial assets and therefore do not meet the recognition criteria.

Donated facilities and goods consisting of the following were recognized as revenue for the years ended September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Use of recreational facilities, Belle Glade Schools	\$ 540,156	\$ 540,156
Use of recreational facilities, DeGeorge Club	156,804	156,804
Use of other facilities	235,500	235,500
Land under lease, Wellington (see Note 5)	108,752	110,467
Belle Glade gym	894,000	-
Amortization of discount	5,109	7,245
Utilities	153,936	153,696
Food	<u>1,175,949</u>	<u>1,099,636</u>
	<u>\$ 3,270,206</u>	<u>\$ 2,303,504</u>

#### Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts, and other highly-liquid investments with an original or remaining maturity of three months or less when purchased.

#### Portfolio investments

Portfolio investments include marketable equity securities, debt securities and public mutual funds that trade at net asset value. Marketable equity and debt securities are carried at fair values based on quoted market prices.

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Portfolio investments, continued

Investment income and realized gains and losses on portfolio investments are recognized upon realization. Unrealized gains and losses are recognized based on changes in fair values during the period. Net investment returns are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Portfolio investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain portfolio investments, it is at least reasonably possible that changes in values of portfolio investments will occur in the near-term.

#### Accounts receivable

Accounts receivable is stated at the amount of the uncollected balances less any allowance for doubtful accounts. Management provides an allowance based on past experience and adverse situations that may affect collectability. The allowance for doubtful accounts was \$23,657 and \$30,437 as of September 30, 2015 and 2014, respectively.

#### Property and equipment

Property and equipment is stated at cost or, if donated, at approximate fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. These estimated useful lives are summarized in the following table:

Building and leasehold improvements	10-39 years
Swimming pool	31 years
Vehicles	5 years
Equipment and furniture	3-10 years

#### Functional expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by management.

#### Income taxes

The Club and the Foundation were granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. The Club and Foundation are required to operate in conformity with the provisions of the IRC to maintain their exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2015 or 2014. The Club and the Foundation are no longer subject to income tax examinations for years prior to September 30, 2012.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, continued**

Special events

Special events represent various activities and fund raisers organized to generate support for the Organization’s programs and services.

Accounting 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 disclosure 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.

**Note 2 – Portfolio Investments**

A summary of portfolio investments, by investment type, at September 30, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Marketable equity securities	\$ 2,301,488	\$ 2,428,768
Debt securities	1,337,771	1,383,709
Mutual funds	<u>84,680</u>	<u>85,415</u>
	<u>\$ 3,723,939</u>	<u>\$ 3,897,892</u>

Net investment return (loss) is comprised of the following for the years September 30, 2015 and 2014:

	<u>For the Year Ended September 30, 2015</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest	\$ 3,945	\$ 22,622	\$ 67,343	\$ 93,910
Realized and unrealized losses	<u>(52,867)</u>	<u>(56,808)</u>	<u>(92,716)</u>	<u>(202,391)</u>
Subtotal	(48,922)	(34,186)	(25,373)	(108,481)
Transfers between classes	<u>(25,373)</u>	-	<u>25,373</u>	-
Total net investment (loss)	<u>\$ (74,295)</u>	<u>\$ (34,186)</u>	<u>\$ -</u>	<u>\$ (108,481)</u>

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 2 – Portfolio Investments, Continued**

	For the Year Ended September 30, 2014			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest	\$ 6,881	\$ 24,435	\$ 60,500	\$ 91,816
Realized and unrealized gains	<u>7,343</u>	<u>71,316</u>	<u>174,218</u>	<u>252,877</u>
Subtotal	14,224	95,751	234,718	344,693
Transfers between classes	<u>234,718</u>	<u>-</u>	<u>(234,718)</u>	<u>-</u>
Total net investment return	<u>\$ 248,942</u>	<u>\$ 95,751</u>	<u>\$ -</u>	<u>\$ 344,693</u>

Investment expenses are recorded as reductions to net investment return in the accompanying consolidated statements of activities and to realized and unrealized gains in the tables above in the aggregate amount of \$41,127 and \$31,072 for the years ended September 30, 2015 and 2014, respectively.

**Note 3 – Fair Value Measurements**

FASB ASC 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Assets and liabilities with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of assets and liabilities included in Level 1 includes listed equities and listed debt instruments and derivatives.

Level 2 – Pricing inputs are other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models and other valuation methodologies. The Organization’s beneficial interest in assets held by community foundation uses level 2 inputs in the determination of its fair value.

Level 3 – Pricing inputs are unobservable and significant to the overall fair value measurement.

The carrying amounts of the Organization’s financial instruments, including cash and cash equivalents, accounts receivable, unconditional promises to give, and liabilities are expected to approximate fair value.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 3 – Fair Value Measurements, Continued**

The following table summarizes the Organization’s portfolio investments reported at fair value based on the valuation methodology applied by the Organization as of September 30, 2015 and 2014:

Category	September 30, 2015	
	Amount	Level
Marketable equity securities	\$ 2,301,488	Level 1
Debt securities	1,337,771	Level 1
Mutual funds	84,680	Level 1
	<u>\$ 3,723,939</u>	

  

Category	September 30, 2014	
	Amount	Level
Marketable equity securities	\$ 2,428,768	Level 1
Debt securities	1,383,709	Level 1
Mutual funds	85,415	Level 1
	<u>\$ 3,897,892</u>	

**Note 4 – Unconditional Promises to Give**

Unconditional promises to give as of September 30, 2015 and 2014 are detailed as follows:

	2015	2014
Capital campaign pledges	\$ 1,083,346	\$ 1,334,746
Free use of facilities pledge	64,995	106,995
Unconditional promises to give before unamortized discount and allowances for uncollectible pledges	1,148,341	1,441,741
Less: unamortized discount	(167,074)	(219,013)
Subtotal	981,267	1,222,728
Less: allowance for uncollectible pledges	(54,016)	(66,803)
Net unconditional promises to give	<u>\$ 927,251</u>	<u>\$ 1,155,925</u>
Current portion of unconditional promises to give	\$ 255,400	\$ 240,673
Non-current portion of unconditional promises to give	671,851	915,252
	<u>\$ 927,251</u>	<u>\$ 1,155,925</u>
Amounts due in:		
Less than one year	\$ 255,400	\$ 307,476
One to five years	606,926	845,095
After five years	286,015	289,170
Total	<u>\$ 1,148,341</u>	<u>\$ 1,441,741</u>

The Organization applies a discount rate of 5% to its pledges with terms in excess of one year.



# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

### Note 5 – Property and Equipment

Property and equipment as of September 30, 2015 and 2014, consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 304,024	\$ 286,024
Land under lease, net	2,155,787	2,191,035
Building and leasehold improvements	15,968,499	15,425,808
Swimming pool	-	141,602
Vehicles	902,375	758,139
Equipment and furniture	<u>665,900</u>	<u>939,770</u>
	19,996,585	19,742,378
Less: accumulated depreciation	<u>(3,532,058)</u>	<u>(3,670,881)</u>
Subtotal	16,464,527	16,071,497
Construction in progress	<u>-</u>	<u>65,979</u>
Property and equipment, net	<u>\$ 16,464,527</u>	<u>\$ 16,137,476</u>

Construction in progress at September 30, 2014 related to planning and design costs related to a future Boca Raton club; however, such amounts were written off during 2015.

Land under lease represents the unamortized difference between the fair rental value of the land and the stated amount of lease payments related to the new Wellington, Florida club using a 5% discount rate. The land under lease asset was recognized as a temporarily restricted contribution during the year ended September 30, 2013. The asset is being amortized over the initial 30-year lease term and recorded in the consolidated statements of activities as in-kind rent expense. Such amortization amounted to \$35,248 and \$33,533 for the years ended September 30, 2015 and 2014, respectively.

### Note 6 – Line of Credit

The Organization has an unsecured line of credit agreement which provides for borrowings up to \$750,000. The agreement requires monthly interest payments at a variable rate (4.25% at September 30, 2015) and expires in October 2016. The balance outstanding on this line of credit was \$226,107 as of September 30, 2015.

### Note 7 – Notes Payable

The Organization is obligated under an agreement with the Village of Wellington to fund a portion of the construction costs related to the new Wellington, Florida club. The terms of the agreement require 10 annual interest-free payments of \$116,030 commencing in May 2014. The Organization utilized an imputed interest rate of 5% to discount the note payable to a present value of \$695,998 at September 30, 2015.

The Organization is obligated under a vehicle loan agreement with a financial institution. The terms of the agreement require 60 monthly payments of \$1,367, including interest at 4.17%, commencing in January 2015. The outstanding balance on this loan was \$63,802 as of September 30, 2015.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 7 – Notes Payable, Continued**

Principal payments due on these notes in years subsequent to September 30, 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 81,483
2017	87,183
2018	93,170
2019	99,455
2020	93,586
Thereafter	<u>303,923</u>
	<u>\$ 758,800</u>

**Note 8 – Special Events**

Net special events revenue is comprised of the following for the years ended September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Event proceeds	\$ 2,170,413	\$ 2,220,339
Direct event expenses	<u>773,144</u>	<u>665,194</u>
Net	<u>\$ 1,397,269</u>	<u>\$ 1,555,145</u>

**Note 9 – 401(k) Safe Harbor Plan**

The Organization maintains a Safe Harbor 401(k) profit sharing plan covering certain qualified employees in accordance with the provisions of Section 401(k) of the Internal Revenue Code. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits.

The Organization may make a safe harbor non-elective contribution in an amount equal to 3% of the eligible employee's compensation, which will be allocated to all eligible employees. The Organization may also make profit-sharing contributions at its discretion which will be allocated as defined by the plan among all eligible employees. The Organization's contributions totaled \$64,648 and \$73,173 for the years ended September 30, 2015 and 2014, respectively.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 10 – Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets as of September 30, 2015 and 2014 are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Club:		
United Way allocation for next year	\$ 150,000	\$ 150,000
Future free use of facilities	62,358	99,248
Warshaw Scholarship Fund	141,758	142,136
West Palm Beach land grant	286,024	286,024
Land under lease	2,155,787	2,191,035
Belle Glade operations	122,187	-
Foundation:		
Capital campaigns	864,893	1,056,676
Club buildings	<u>1,364,410</u>	<u>1,168,074</u>
	<u>\$ 5,147,417</u>	<u>\$ 5,093,193</u>

Permanently restricted net assets as of September 30, 2015 and 2014 represent the following:

	<u>2015</u>	<u>2014</u>
Foundation:		
DeGeorge Club	\$ 2,506,606	\$ 2,506,606
Beneficial interest in assets held by Community Foundation	<u>100,000</u>	<u>100,000</u>
	<u>\$ 2,606,606</u>	<u>\$ 2,606,606</u>

**Note 11 – Net Assets Released from Restrictions**

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from donor restrictions by incurring expenditures satisfying the purpose or time restrictions specified by donors during the years ended September 30, 2015 and 2014, as follows:

	<u>2015</u>	<u>2014</u>
Club:		
Time restrictions expired on United Way allocations	\$ 287,501	\$ 458,308
Time restrictions expired on free use of facilities	36,890	34,575
Scholarships and enterprise club	3,810	5,952
Land under lease	35,248	33,533
Belle Glade operations	2,505	-
Foundation:		
Purpose and time restrictions met for:		
Capital campaign	34,313	265,724
Club buildings	<u>176,046</u>	<u>6,841</u>
	<u>\$ 576,313</u>	<u>\$ 804,933</u>

## **BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

#### **Note 12 – Endowment**

The Organization's endowment is established for the purposes expressed in the Organization's charter: long-term expansion, growth and capital needs and to generate income for operational support as determined by the Foundation's Board of Directors consistent with donor intent. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of relevant law

The Organization has adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which requires the Board of Directors to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board of Directors may expend so much of an endowment fund as the Board of Directors determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

#### Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to achieve maximum rates of return for long-term investments based on adequate diversification and consistent with a portfolio risk level appropriate for reasonable security of permanently restricted funds.

#### Strategies employed to achieve objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified allocation primarily consisting of equities and fixed income securities to achieve its long-term return objectives within prudent risk constraints.

#### Beneficial interest in assets held by community foundation

The Organization entered into an agreement with the Community Foundation of Palm Beach and Martin Counties (the Community Foundation) on September 29, 2014 to establish an agency endowment fund. Under the terms of the agreement, the Organization may make irrevocable transfers to the Community Foundation to be maintained in perpetuity. Annual distributions of income and capital appreciation from the fund are subject to the Community Foundation's spending policy and are to be used to fulfill the purposes of the Organization. The agreement also permits the Community Foundation to substitute another beneficiary in place of the Organization if the Organization ceases to exist or, if the governing board of Community Foundation decides that the stated restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served by the Community Foundation. The Organization transferred \$100,000 to the Community Foundation during the year ended September 30, 2014.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 12 – Endowment, Continued**

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. The Organization held certain permanently restricted endowment funds in which values had fallen below the original gift amounts as of September 30, 2015 as a result of market conditions. The aggregate deficiencies of this nature for all donor-restricted permanently restricted endowment funds totaled \$25,373 as of September 30, 2015. There were no such deficiencies as of September 30, 2014.

Changes in endowment net assets for the years ended September 30, 2015 and 2014 are presented as follows:

	For the Year Ended September 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of October 1, 2014	\$ -	\$ -	\$ 2,606,606	\$ 2,606,606
Investment return:				
Investment income	-	-	67,343	67,343
Net depreciation (realized and unrealized)	-	-	(92,716)	(92,716)
Total investment return	-	-	(25,373)	(25,373)
Transfer of endowment earnings	(25,373)	-	25,373	-
Balance as of September 30, 2015	<u>\$ (25,373)</u>	<u>\$ -</u>	<u>\$ 2,606,606</u>	<u>\$ 2,581,233</u>

	For the Year Ended September 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of October 1, 2013	\$ -	\$ -	\$ 2,506,606	\$ 2,506,606
Investment return:				
Investment income	-	-	60,500	60,500
Net appreciation (realized and unrealized)	-	-	174,218	174,218
Total investment return	-	-	234,718	234,718
Transfer of endowment earnings	234,718	-	(234,718)	-
Transfer to community foundation	-	-	100,000	100,000
Appropriations	(234,718)	-	-	(234,718)
Balance as of September 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,606,606</u>	<u>\$ 2,606,606</u>

# BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

### Note 13 – Legal Proceedings

The Organization is party to litigation and other claims in the ordinary course of business. The Organization recognizes a liability for legal proceedings when a loss is probable and estimable. When a loss is probable and estimable, within a range, the Organization accrues the amount most likely to be incurred. Management believes that the ultimate outcome of these matters will not materially affect the consolidated financial position of the Organization.

### Note 14 – Description of Leasing Arrangements

The Organization has operating lease agreements for the rental of office space, recreational facilities, and land, expiring through May 2043. All operating lease agreements for recreational facilities and land require annual rent of \$1 each. The office lease requires contingent rental payments of the Organization's proportionate share of the landlord's common area operating costs. The recreational facilities leases require the Organization to pay all costs of maintaining and repairing the leased premises and may generally be extended for an additional five to ten years.

Total in-kind rent expense for the years ended September 30, 2015 and 2014 was \$1,210,261 and \$1,160,252, respectively.

### Note 15 – Risks and Concentrations

Approximately 12% of the Organization's total support and revenue is provided through grants with the State of Florida. Approximately 10% of the Organization's support and revenue is provided through grant programs with Family Central, a pass-through agency for the Children's Services Council of Palm Beach County.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

### Note 16 - Supplemental Cash Flow Procedures

Non-cash investing and financing activities include the following for the years ended September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
In-kind contribution of property	<u>\$ 894,000</u>	<u>\$ -</u>
Assumption of note payable for vehicle acquired	<u>\$ 73,945</u>	<u>\$ -</u>

### Note 17 – Subsequent Events

Management evaluated the Organization's activities through December 7, 2015, the date the consolidated financial statements were available to be issued, for events that require recognition in the consolidated financial statements or disclosure in the notes thereto.

**SUPPLEMENTARY INFORMATION**

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2015**

<u>Federal grantor/program title</u>	<u>Grant Period</u>	<u>Federal CFDA Number</u>	<u>Passthrough Grantor's Identifying Number</u>	<u>Total Program Expenditures</u>
U.S. Department of Justice:				
Passed through:				
Boys and Girls Clubs of America, Inc.				
Mentoring Programs Implementation	10/1/14-9/30/15	16.726	OJP 2014	<u>\$ 55,922</u>
U.S. Department of Education:				
Passed through:				
Florida Department of Education				
Twenty-first Century Community Learning Centers	8/1/14-7/31/15	84.287	5PCC9	152,864
	8/1/14-7/31/15	84.287	5PCC7	352,354
	8/1/14-7/31/15	84.287	5PCC5	183,219
	9/1/14-8/31/15	84.287	5PCC6	70,084
	9/1/14-8/31/15	84.287	5PCC8	118,428
	9/1/14-8/31/15	84.287	5PCC4	145,044
	9/1/14-8/31/15	84.287	5PCC2	250,379
	8/1/15-7/31/16	84.287	6PCC9	13,425
	8/1/15-7/31/16	84.287	6PCC7	33,566
	8/1/15-7/31/16	84.287	6PCC5	13,215
	8/1/15-7/31/16	84.287	6PCC6	3,952
	8/31/15-7/31/16	84.287	6PCC8	13,937
	8/1/15-7/31/16	84.287	6PCC4	9,150
	8/1/15-7/31/16	84.287	6PCC2	31,844
Total Twenty-first Century Community Learning Centers				<u>1,391,461</u>
Total expenditures of federal awards				<u>\$ 1,447,383</u>

See accompanying notes to schedule of expenditures of federal awards.



**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 – Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. 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*.

**Note 2 – Subrecipients**

None of the federal expenditures presented in the accompanying schedule of expenditures of federal awards was provided to subrecipients.

## **CONSOLIDATING INFORMATION**

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
September 30, 2015**

<b>ASSETS</b>	Boys and Girls Clubs of Palm Beach County, Inc.		
	Unrestricted	Temporarily Restricted	Total
Current assets:			
Cash and cash equivalents	\$ 17,331	\$ 129,326	\$ 146,657
Portfolio investments	145,613	134,619	280,232
Accounts receivable, net	365,555	150,000	515,555
Current portion of unconditional promises to give, net	-	42,000	42,000
Due from the Foundation	1,322,752	-	1,322,752
Prepaid expenses	416,542	-	416,542
Total current assets	2,267,793	455,945	2,723,738
Property and equipment, net	14,022,716	2,441,811	16,464,527
Unconditional promises to give, net of current portion	-	20,358	20,358
Beneficial interest in assets held by community foundation	-	-	-
Other assets	18,119	-	18,119
Total assets	\$ 16,308,628	\$ 2,918,114	\$ 19,226,742
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Line of credit	\$ 226,107	\$ -	\$ 226,107
Accounts payable and accrued expenses	499,037	-	499,037
Due to the Club	-	-	-
Current portion of notes payable	81,483	-	81,483
Deferred revenue	436,756	-	436,756
Total current liabilities	1,243,383	-	1,243,383
Notes payable	677,317	-	677,317
Total liabilities	1,920,700	-	1,920,700
Net assets:			
Unrestricted	14,387,928	-	14,387,928
Temporarily restricted	-	2,918,114	2,918,114
Permanently restricted	-	-	-
Total net assets	14,387,928	2,918,114	17,306,042
Total liabilities and net assets	\$ 16,308,628	\$ 2,918,114	\$ 19,226,742

Boys & Girls Clubs Foundation, Inc.				Consolidated				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminating Entries	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 823,171	\$ 253,337	\$ 148,599	\$ 1,225,107	\$ -	\$ 840,502	\$ 382,663	\$ 148,599	\$ 1,371,764
(25,373)	1,111,073	2,358,007	3,443,707	-	120,240	1,245,692	2,358,007	3,723,939
-	-	-	-	-	365,555	150,000	-	515,555
-	213,400	-	213,400	-	-	255,400	-	255,400
-	-	-	-	(1,322,752)	-	-	-	-
-	-	-	-	-	416,542	-	-	416,542
797,798	1,577,810	2,506,606	4,882,214	(1,322,752)	1,742,839	2,033,755	2,506,606	6,283,200
-	-	-	-	-	14,022,716	2,441,811	-	16,464,527
-	651,493	-	651,493	-	-	671,851	-	671,851
766	-	100,000	100,766	-	766	-	100,000	100,766
47,178	-	-	47,178	-	65,297	-	-	65,297
<u>\$ 845,742</u>	<u>\$ 2,229,303</u>	<u>\$ 2,606,606</u>	<u>\$ 5,681,651</u>	<u>\$ (1,322,752)</u>	<u>\$ 15,831,618</u>	<u>\$ 5,147,417</u>	<u>\$ 2,606,606</u>	<u>\$ 23,585,641</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,107	\$ -	\$ -	\$ 226,107
-	-	-	-	-	499,037	-	-	499,037
1,322,752	-	-	1,322,752	(1,322,752)	-	-	-	-
-	-	-	-	-	81,483	-	-	81,483
-	-	-	-	-	436,756	-	-	436,756
1,322,752	-	-	1,322,752	(1,322,752)	1,243,383	-	-	1,243,383
-	-	-	-	-	677,317	-	-	677,317
1,322,752	-	-	1,322,752	-	1,920,700	-	-	1,920,700
(477,010)	-	-	(477,010)	-	13,910,918	-	-	13,910,918
-	2,229,303	-	2,229,303	-	-	5,147,417	-	5,147,417
-	-	2,606,606	2,606,606	-	-	-	2,606,606	2,606,606
(477,010)	2,229,303	2,606,606	4,358,899	-	13,910,918	5,147,417	2,606,606	21,664,941
<u>\$ 845,742</u>	<u>\$ 2,229,303</u>	<u>\$ 2,606,606</u>	<u>\$ 5,681,651</u>	<u>\$ (1,322,752)</u>	<u>\$ 15,831,618</u>	<u>\$ 5,147,417</u>	<u>\$ 2,606,606</u>	<u>\$ 23,585,641</u>

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**September 30, 2014**

<b>ASSETS</b>	Boys & Girls Clubs of Palm Beach County, Inc.		
	Unrestricted	Temporarily Restricted	Total
Current assets:			
Cash and cash equivalents	\$ 285,052	\$ 4,063	\$ 289,115
Portfolio investments	149,953	138,072	288,025
Accounts receivable, net	436,823	150,000	586,823
Current portion of unconditional promises to give, net	-	42,000	42,000
Due from the Foundation	1,310,718	-	1,310,718
Prepaid expenses	283,464	-	283,464
Total current assets	2,466,010	334,135	2,800,145
Property and equipment, net	13,660,417	2,477,059	16,137,476
Unconditional promises to give, net of current portion	-	57,249	57,249
Beneficial interest in assets held by community foundation	-	-	-
Other assets	98,129	-	98,129
Total assets	\$ 16,224,556	\$ 2,868,443	\$ 19,092,999
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Line of credit	\$ 50,000	\$ -	\$ 50,000
Accounts payable and accrued expenses	634,719	-	634,719
Due to the Club	-	-	-
Current portion of note payable	62,607	-	62,607
Deferred revenue	564,158	-	564,158
Total current liabilities	1,311,484		1,311,484
Note payable	695,998	-	695,998
Total liabilities	2,007,482	-	2,007,482
Net assets:			
Unrestricted	14,217,074	-	14,217,074
Temporarily restricted	-	2,868,443	2,868,443
Permanently restricted	-	-	-
Total net assets	14,217,074	2,868,443	17,085,517
Total liabilities and net assets	\$ 16,224,556	\$ 2,868,443	\$ 19,092,999

Boys & Girls Clubs Foundation, Inc.				Eliminating Entries	Consolidated			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 249,135	\$ 64,813	\$ -	\$ 313,948	\$ -	\$ 534,187	\$ 68,876	\$ -	\$ 603,063
-	1,103,261	2,506,606	3,609,867	-	149,953	1,241,333	2,506,606	3,897,892
-	-	-	-	-	436,823	150,000	-	586,823
-	198,673	-	198,673	-	-	240,673	-	240,673
-	-	-	-	(1,310,718)	-	-	-	-
-	-	-	-	-	283,464	-	-	283,464
249,135	1,366,747	2,506,606	4,122,488	(1,310,718)	1,404,427	1,700,882	2,506,606	5,611,915
-	-	-	-	-	13,660,417	2,477,059	-	16,137,476
-	858,003	-	858,003	-	-	915,252	-	915,252
-	-	100,000	100,000	-	-	-	100,000	100,000
35,487	-	-	35,487	-	133,616	-	-	133,616
<u>\$ 284,622</u>	<u>\$ 2,224,750</u>	<u>\$ 2,606,606</u>	<u>\$ 5,115,978</u>	<u>\$ (1,310,718)</u>	<u>\$ 15,198,460</u>	<u>\$ 5,093,193</u>	<u>\$ 2,606,606</u>	<u>\$ 22,898,259</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
-	-	-	-	-	634,719	-	-	634,719
1,310,718	-	-	1,310,718	1,310,718	-	-	-	-
-	-	-	-	-	62,607	-	-	62,607
-	-	-	-	-	564,158	-	-	564,158
1,310,718	-	-	1,310,718	1,310,718	1,311,484	-	-	1,311,484
-	-	-	-	-	695,998	-	-	695,998
1,310,718	-	-	1,310,718	1,310,718	2,007,482	-	-	2,007,482
(1,026,096)	-	-	(1,026,096)	-	13,190,978	-	-	13,190,978
-	2,224,750	-	2,224,750	-	-	5,093,193	-	5,093,193
-	-	2,606,606	2,606,606	-	-	-	2,606,606	2,606,606
(1,026,096)	2,224,750	2,606,606	3,805,260	-	13,190,978	5,093,193	2,606,606	20,890,777
<u>\$ 284,622</u>	<u>\$ 2,224,750</u>	<u>\$ 2,606,606</u>	<u>\$ 5,115,978</u>	<u>\$ 1,310,718</u>	<u>\$ 15,198,460</u>	<u>\$ 5,093,193</u>	<u>\$ 2,606,606</u>	<u>\$ 22,898,259</u>

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2015**

	Boys & Girls Clubs of Palm Beach County, Inc.		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions and grants	\$ 2,598,681	\$ 417,193	\$ 3,015,874
Federal, state and local government grants	2,949,814	-	2,949,814
Special events, net	1,397,269	-	1,397,269
Program revenue	652,434	-	652,434
Snack bar and vending, net	22,959	-	22,959
Donated facilities and goods	3,270,206	-	3,270,206
Net assets released from restrictions	<u>365,954</u>	<u>(365,954)</u>	<u>-</u>
Total support and revenue	<u>11,257,317</u>	<u>51,239</u>	<u>11,308,556</u>
Expenses:			
Program services:			
Character and leadership development	1,114,990	-	1,114,990
Education and career development	2,522,236	-	2,522,236
Sports, fitness and recreation	4,110,356	-	4,110,356
Health and life skills	1,102,862	-	1,102,862
Cultural arts	<u>679,363</u>	<u>-</u>	<u>679,363</u>
Total program services	9,529,807	-	9,529,807
Supporting services:			
Management and general	797,367	-	797,367
Fund raising	<u>701,417</u>	<u>-</u>	<u>701,417</u>
Total expenses	<u>11,028,591</u>	<u>-</u>	<u>11,028,591</u>
Increase (decrease) in net assets before non-operating activities	228,726	51,239	279,965
Transfer of assets (to) from entities	(532,359)	-	(532,359)
Net investment return	(10,857)	(1,568)	(12,425)
Net unrealized gain on beneficial interest in assets held by community foundation	-	-	-
Interest	(58,815)	-	(58,815)
Transfer to community foundation	-	-	-
Gain on disposal of property and equipment	<u>544,159</u>	<u>-</u>	<u>544,159</u>
Increase (decrease) in net assets	170,854	49,671	220,525
Net assets - beginning of period	<u>14,217,074</u>	<u>2,868,443</u>	<u>17,085,517</u>
Net assets - end of period	<u>\$ 14,387,928</u>	<u>\$ 2,918,114</u>	<u>\$ 17,306,042</u>

Boys & Girls Clubs Foundation, Inc.				Consolidated				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminating	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 12,731	\$ 247,530	\$ -	\$ 260,261	\$ -	\$ 2,611,412	\$ 664,723	\$ -	\$ 3,276,135
-	-	-	-	-	2,949,814	-	-	2,949,814
-	-	-	-	-	1,397,269	-	-	1,397,269
-	-	-	-	-	652,434	-	-	652,434
-	-	-	-	-	22,959	-	-	22,959
-	-	-	-	-	3,270,206	-	-	3,270,206
210,359	(210,359)	-	-	-	576,313	(576,313)	-	-
223,090	37,171	-	260,261	-	11,480,407	88,410	-	11,568,817
-	-	-	-	-	1,114,990	-	-	1,114,990
-	-	-	-	-	2,522,236	-	-	2,522,236
-	-	-	-	-	4,110,356	-	-	4,110,356
-	-	-	-	-	1,102,862	-	-	1,102,862
-	-	-	-	-	679,363	-	-	679,363
-	-	-	-	-	9,529,807	-	-	9,529,807
-	-	-	-	-	797,367	-	-	797,367
143,691	-	-	143,691	-	845,108	-	-	845,108
143,691	-	-	143,691	-	11,172,282	-	-	11,172,282
79,399	37,171	-	116,570	-	308,125	88,410	-	396,535
532,359	-	-	532,359	-	-	-	-	-
(63,438)	(32,618)	-	(96,056)	-	(74,295)	(34,186)	-	(108,481)
766	-	-	766	-	766	-	-	766
-	-	-	-	-	(58,815)	-	-	(58,815)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	544,159	-	-	544,159
549,086	4,553	-	553,639	-	719,940	54,224	-	774,164
(1,026,096)	2,224,750	2,606,606	3,805,260	-	13,190,978	5,093,193	2,606,606	20,890,777
\$ (477,010)	\$ 2,229,303	\$ 2,606,606	\$ 4,358,899	\$ -	\$ 13,910,918	\$ 5,147,417	\$ 2,606,606	\$ 21,664,941



**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC.  
AND AFFILIATE**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2014**

	Boys & Girls Clubs of Palm Beach County, Inc.		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions and grants	\$ 1,451,456	\$ 458,308	\$ 1,909,764
Federal, state and local government grants	3,059,607	-	3,059,607
Special events, net	1,555,145	-	1,555,145
Program revenue	875,621	-	875,621
Snack bar and vending, net	19,824	-	19,824
Donated facilities and goods	2,303,504	-	2,303,504
Net assets released from restrictions	<u>532,368</u>	<u>(532,368)</u>	<u>-</u>
Total support and revenue	<u>9,797,525</u>	<u>(74,060)</u>	<u>9,723,465</u>
Expenses:			
Program services:			
Character and leadership development	1,029,069	-	1,029,069
Education and career development	2,327,873	-	2,327,873
Sports, fitness and recreation	3,793,615	-	3,793,615
Health and life skills	1,017,878	-	1,017,878
Cultural arts	<u>627,010</u>	<u>-</u>	<u>627,010</u>
Total program services	8,795,445	-	8,795,445
Supporting services:			
Management and general	735,923	-	735,923
Fund raising	<u>647,367</u>	<u>-</u>	<u>647,367</u>
Total expenses	<u>10,178,735</u>	<u>-</u>	<u>10,178,735</u>
Increase (decrease) in net assets before non-operating activities	(381,210)	(74,060)	(455,270)
Transfer of assets (to) from entities	114,297	-	114,297
Net investment return	10,077	15,670	25,747
Interest	(29,907)	-	(29,907)
Gain on disposal of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(286,743)	(58,390)	(345,133)
Net assets - beginning of year	<u>14,503,817</u>	<u>2,926,833</u>	<u>17,430,650</u>
Net assets - end of year	<u>\$ 14,217,074</u>	<u>\$ 2,868,443</u>	<u>\$ 17,085,517</u>

Boys & Girls Clubs Foundation, Inc.				Consolidated				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminating	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ 246,442	\$ -	\$ 246,442	\$ -	\$ 1,451,456	\$ 704,750	\$ -	\$ 2,156,206
-	-	-	-	-	3,059,607	-	-	3,059,607
-	-	-	-	-	1,555,145	-	-	1,555,145
-	-	-	-	-	875,621	-	-	875,621
-	-	-	-	-	19,824	-	-	19,824
-	-	-	-	-	2,303,504	-	-	2,303,504
<u>272,565</u>	<u>(272,565)</u>	-	-	-	<u>804,933</u>	<u>(804,933)</u>	-	-
<u>272,565</u>	<u>(26,123)</u>	-	<u>246,442</u>	-	<u>10,070,090</u>	<u>(100,183)</u>	-	<u>9,969,907</u>
-	-	-	-	-	1,029,069	-	-	1,029,069
-	-	-	-	-	2,327,873	-	-	2,327,873
-	-	-	-	-	3,793,615	-	-	3,793,615
-	-	-	-	-	1,017,878	-	-	1,017,878
-	-	-	-	-	<u>627,010</u>	-	-	<u>627,010</u>
-	-	-	-	-	8,795,445	-	-	8,795,445
-	-	-	-	-	735,923	-	-	735,923
<u>104,858</u>	-	-	<u>104,858</u>	-	<u>752,225</u>	-	-	<u>752,225</u>
<u>104,858</u>	-	-	<u>104,858</u>	-	<u>10,283,593</u>	-	-	<u>10,283,593</u>
167,707	(26,123)	-	141,584	-	(213,503)	(100,183)	-	(313,686)
(114,297)	-	-	(114,297)	-	-	-	-	-
238,865	80,081	-	318,946	-	248,942	95,751	-	344,693
-	-	-	-	-	(29,907)	-	-	(29,907)
(100,000)	-	100,000	-	-	(100,000)	-	100,000	-
-	-	-	-	-	-	-	-	-
192,275	53,958	100,000	346,233	-	(94,468)	(4,432)	100,000	1,100
<u>(1,218,371)</u>	<u>2,170,792</u>	<u>2,506,606</u>	<u>3,459,027</u>	-	<u>13,285,446</u>	<u>5,097,625</u>	<u>2,506,606</u>	<u>20,889,677</u>
<u><u>\$ (1,026,096)</u></u>	<u><u>\$ 2,224,750</u></u>	<u><u>\$ 2,606,606</u></u>	<u><u>\$ 3,805,260</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,190,978</u></u>	<u><u>\$ 5,093,193</u></u>	<u><u>\$ 2,606,606</u></u>	<u><u>\$ 20,890,777</u></u>

**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 Boards of Directors  
Boys & Girls Clubs of Palm Beach County, Inc.  
and Affiliate

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 Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate (a nonprofit Organization), as of and for the year ended September 30, 2015, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate'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 Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's consolidated financial statements are free from 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 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*.

### 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida

December 7, 2015

**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133**

To the Boards of Directors  
Boys & Girls Clubs of Palm Beach County, Inc.  
and Affiliate

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's major federal programs for the year ended September 30, 2015. Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's major federal programs 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's major federal programs 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate'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. However, our audit does not provide a legal determination of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's compliance.

Opinion on Each Major Federal Program

In our opinion, Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate 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 for the year ended September 30, 2015.



## Report on Internal Control Over Compliance

Management of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate 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 Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Boys & Girls Clubs of Palm Beach County, Inc. and Affiliate'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 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 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 a type of compliance requirement of a federal program 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 the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida  
December 7, 2015

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2015**

**Part I – Summary of Auditor's Results:**

Financial statement section:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified No

Significant deficiencies identified None reported

Noncompliance material to financial statements noted No

Federal awards section:

Dollar threshold used to determine Type A Program \$300,000

Auditee qualified as low-risk auditee Yes

Type of auditor's report on compliance for major programs Unmodified

Internal control over compliance for major programs:

Material weaknesses identified No

Significant deficiencies identified None reported

Any audit findings disclosed that are required to be reported in accordance  
with OMB Circular A-133 Section 510(a) No

Identification of major programs:

CFDA Number \_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

84.287 Twenty-First Century Community Learning Centers

**Part II – Financial Statement Findings and Questioned Costs**

None.

**Part III – Federal Award Findings and Questioned Costs**

Current Period Findings and Questioned Costs

None.

Prior Year Findings and Questioned Costs

None.

**BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2015**

**Part IV – Management Letter**

A separate management letter was issued.