BOYS & GIRLS CLUBS
OF
CENTRAL VIRGINIA

FINANCIAL STATEMENTS
JUNE 30, 2015

BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA

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REPORT OF INDEPENDENT AUDITORS

To the Audit Committee
Boys & Girls Clubs of Central Virginia
Charlottesville, Virginia

We have audited the accompanying financial statements of BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows 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 audit 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.

To the Audit Committee
Boys & Girls Clubs of Central Virginia

REPORT OF INDEPENDENT AUDITORS--(Cont'd)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA as of June 30, 2015 and 2014, 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.

Huntzmon Wiebel LLP

Charlottesville, Virginia
December 18, 2015

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
ASSETS		
Cash and cash equivalents - unrestricted	$ 191,784	$ 353,062
Cash and cash equivalents - restricted	785,559	1,020,552
Cash and cash equivalents - building and operating reserves	103,913	115,913
Investments - unrestricted	370,470	354,143
Investments - restricted	928,850	424,427
Investments - building and operating reserves	1,636,309	1,658,652
Accounts receivable	20,581	9,985
Pledges receivable	405,797	684,039
Grants receivable	44,209	49,246
Prepaid expenses and deposits	1,300	4,994
Property and equipment, net	5,903,463	5,924,251
Construction in progress	42,788	2,400
Total assets	$10,435,023	$10,601,664
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 20,899	$ 27,069
Accrued payroll, payroll taxes, and withholdings	86,763	158,800
Deferred revenue	73,617	130,482
Total liabilities	181,279	316,351
NET ASSETS		
Unrestricted	8,295,716	8,388,043
Temporarily restricted	1,958,028	1,897,270
Total net assets	10,253,744	10,285,313
Total liabilities and net assets	$10,435,023	$10,601,664

(The accompanying notes are an integral part of these financial statements)

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
OPERATING SUPPORT AND REVENUE						
Public support:						
Contributions	$ 779,076	$ 391,258	$1,170,334	$ 992,375	$1,528,125	$2,520,500
Grants	402,220	86,710	488,930	339,932	43,496	383,428
In-kind contributions	77,246	112,437	189,683	54,657	82,190	136,847
Net assets released from restrictions:						
Satisfaction of program restrictions	875,523	(875,523)	....	747,055	(747,055)	....
Total public support	2,134,065	(285,118)	1,848,947	2,134,019	906,756	3,040,775
Revenue:						
Program services:						
Program fees	34,720	49,603	84,323	31,804	41,961	73,765
Club fees	....	....	....	309	82	391
Total program services	34,720	49,603	84,323	32,113	42,043	74,156
Fund-raising activities:						
Special events fees and contributions	689,646	404,839	1,094,485	707,771	337,418	1,045,189
Less: Special events expenses	(209,827)	(108,748)	(318,575)	(240,194)	(96,317)	(336,511)
Total fund-raising activities	479,819	296,091	775,910	467,577	241,101	708,678
Miscellaneous	14,558	100	14,658	15,119	70	15,189
Investment income	10,627	9,140	19,767	6,147	1,991	8,138
Net realized and unrealized gains (losses)	21,201	20,942	42,143	52,916	10,651	63,567
Total revenue	560,925	375,876	936,801	573,872	295,856	869,728
Total operating support and revenue	2,694,990	90,758	2,785,748	2,707,891	1,202,612	3,910,503
OPERATING EXPENSES						
Program services	2,364,175	....	2,364,175	2,029,342	....	2,029,342
Management and general	265,171	....	265,171	243,729	....	243,729
Fund-raising	263,465	....	263,465	241,754	....	241,754
Total operating expenses	2,892,811	....	2,892,811	2,514,825	....	2,514,825
Change in net assets from operations--forwarded	(197,821)	90,758	(107,063)	193,066	1,202,612	1,395,678

BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA

STATEMENTS OF ACTIVITIES--(Cont'd)
YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Change in net assets from operations--brought forward	($ 197,821)	$ 90,758	($ 107,063)	$ 193,066	$ 1,202,612	$ 1,395,678
NON-OPERATING REVENUES						
Contributions - capital campaign	1,800	....	1,800	2,500	....	2,500
Investment income	23,030	....	23,030	20,917	....	20,917
Net realized and unrealized gains (losses)	50,664	....	50,664	183,609	....	183,609
Net assets released from restrictions	30,000	(30,000)	....	30,000	(30,000)	....
Total non-operating revenues	105,494	(30,000)	75,494	237,026	(30,000)	207,026
NON-OPERATING EXPENSES						
Fund-raising - capital campaign	....	....	....	5,310	....	5,310
Total non-operating expenses	....	....	....	5,310	....	5,310
Change in net assets from non-operating activities	105,494	(30,000)	75,494	231,716	(30,000)	201,716
CHANGE IN NET ASSETS	(92,327)	60,758	(31,569)	424,782	1,172,612	1,597,394
NET ASSETS, BEGINNING OF YEAR	8,388,043	1,897,270	10,285,313	7,963,261	724,658	8,687,919
NET ASSETS, END OF YEAR	$ 8,295,716	$ 1,958,028	$10,253,744	$ 8,388,043	$ 1,897,270	$10,285,313

(The accompanying notes are an integral part of these financial statements)

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	($ 31,569)	$1,597,394
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	225,542	218,318
(Gain) loss on asset abandonments	4,048	1,190
Net realized and unrealized (gain) loss on investments	(92,807)	(247,176)
Changes in provision for uncollectible pledges and pledges written off	4,700	(13,900)
(Increase) decrease in assets:		
Accounts receivable	(10,596)	31,225
Pledges receivable	273,542	(346,696)
Grants receivable	5,037	1,704
Prepaid expenses and deposits	3,694	4,059
Increase (decrease) in liabilities:		
Accounts payable	(6,170)	23,410
Accrued payroll, payroll taxes, and withholdings	(72,037)	26,628
Deferred revenue	(56,865)	63,912
Net cash provided by (used in) operating activities	246,519	1,360,068
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(77,213)	(118,990)
Construction costs (net of retainage)	(171,977)	(2,400)
Purchases of investments	(561,600)	(398,139)
Sales of investments	156,000	90,000
Net cash provided by (used in) investing activities	(654,790)	(429,529)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayments) on commercial credit line	....	(250,000)
Net cash provided by (used in) financing activities	....	(250,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(408,271)	680,539
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,489,527	808,988
CASH AND CASH EQUIVALENTS AT END OF YEAR	$1,081,256	$1,489,527
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$	$ 1,110
Noncash activities:		
Receipt of donated assets	$	$ 11,500

(The accompanying notes are an integral part of these financial statements)

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
OPERATING EXPENSES				
Compensation	$1,228,510	$ 135,823	$ 161,766	$1,526,099
Benefits and payroll taxes	228,809	25,297	30,129	284,235
Staff training and education	7,527	4,840	....	12,367
Other staff costs	8,110	570	577	9,257
Program costs	273,843	....	....	273,843
Professional fees	45,056	22,446	368	67,870
Office operating costs	61,078	24,345	9,274	94,697
Printing and postage	2,927	1,464	11,867	16,258
Occupancy	241,975	13,264	13,264	268,503
Insurance	18,041	2,006	2,006	22,053
Vehicle costs	35,778	2,142	6,298	44,218
Dues	18,202	....	....	18,202
Miscellaneous costs	9,281	11,264	6,206	26,751
Club expenses	2,916	....	....	2,916
Depreciation	182,122	21,710	21,710	225,542
Total operating expenses	2,364,175	265,171	263,465	2,892,811
NON-OPERATING EXPENSES (CAPITAL CAMPAIGN)	....	....	....	....
Total	$2,364,175	$ 265,171	$ 263,465	$2,892,811

(The accompanying notes are an integral part of these financial statements)

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
OPERATING EXPENSES				
Compensation	$1,057,652	$ 127,509	$ 157,037	$1,342,198
Benefits and payroll taxes	186,382	22,470	27,673	236,525
Staff training and education	10,512	3,671	....	14,183
Other staff costs	11,229	1,243	2,119	14,591
Program costs	191,926	....	....	191,926
Professional fees	50,931	25,939	388	77,258
Office operating costs	47,687	12,101	3,559	63,347
Printing and postage	10,641	2,568	3,257	16,466
Occupancy	213,344	13,750	13,750	240,844
Insurance	21,166	2,469	2,469	26,104
Vehicle costs	30,753	1,987	6,864	39,604
Dues	13,627	....	....	13,627
Miscellaneous costs	6,398	8,860	3,476	18,734
Club expenses	1,100	....	....	1,100
Depreciation	175,994	21,162	21,162	218,318
Total operating expenses	2,029,342	243,729	241,754	2,514,825
NON-OPERATING EXPENSES (CAPITAL CAMPAIGN)				
Interest expense	....	....	1,110	1,110
Occupancy	....	....	4,200	4,200
Total non-operating expenses	....	....	5,310	5,310
Total	$2,029,342	$ 243,729	$ 247,064	$2,520,135

(The accompanying notes are an integral part of these financial statements)

BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

The Boys & Girls Clubs of Central Virginia (the Club) was organized in 1992 as a Virginia non-stock corporation. Its mission is the promotion of healthy social, educational, vocational, and character development of boys and girls, bringing together on equal grounds, under good leadership, boys and girls from all economic and social classes. The Club offers youth from the ages of six to eighteen the opportunity for recreation away from the moral and physical dangers often encountered in everyday life, providing the opportunity for its members to achieve their goals and aspirations in life. The Club is an independent corporation, but is affiliated with and pays dues to the Boys & Girls Clubs of America.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with U. S. generally accepted accounting principles (U. S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities. Support and revenue are recorded when earned or pledged and expenses are recorded as incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under this guidance, the Club is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Club, its accounts are maintained in accordance with donor restrictions placed on the donated assets. Separate accounts are maintained for each category of donor-restricted assets and unrestricted assets. The assets, liabilities, and net assets of the Club are reported in the following self-balancing net asset groups:

Unrestricted net assets represent the portion of net assets that can be utilized to support current and future Club operations.

Temporarily restricted net assets represent contributions to the Club that are expendable only for purposes specified by the donor or that have restrictions that expire with the passage of time.

Permanently restricted net assets represent contributions to the Club that are subject to restrictions of gift instruments requiring that the principal (and, in some cases, a portion of the investment income) be invested in perpetuity and the income only be used for current operating purposes. There were no permanently restricted net assets at June 30, 2015 and 2014.

SIGNIFICANT ACCOUNTING POLICIES--(Cont'd)

Policy Disclosure

The Club reports gifts of cash and other assets as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor temporary 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 reported in the Statement of Activities as net assets released from restrictions.

The Club reports gifts of land, buildings, and equipment as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Club reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Club considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Club maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits and are subject to credit risk. The Club has not experienced any losses in these accounts.

Cash reported as restricted on the statement of financial position represents cash received with donor-imposed restrictions limiting its use to expenditure for specific club locations. Cash shown as building and operating reserves represents funds designated by the board for building-related expenditures and maintenance or for future operations.

Accounts Receivable

Accounts receivable represent amounts owed to the Club, and are shown net of any specific bad debt write-offs. The Club does not accrue finance charges on past due accounts. All receivables are unsecured and subject to certain credit risks. Management writes off uncollectible accounts when specifically identified. Management determined that an allowance for uncollectible accounts was not necessary at June 30, 2015 and 2014.

SIGNIFICANT ACCOUNTING POLICIES--(Cont'd)

Pledges Receivable

Pledges receivable, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets or decreases of liabilities or expenses, depending on the form of the benefits received. Management reviews its collection experience in determining the need for an allowance for uncollectible pledges receivable. Management's estimate for the allowance for uncollectible pledges was $2,000 and $3,300 at June 30, 2015 and 2014, respectively. Amounts to be received beyond one year are discounted to net present values. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. Pledges conditional upon future operations of the Club in the amount of $90,000 have not been recorded in these financial statements.

Support and Revenue

The Club receives contributions from three principal sources: annual individual philanthropic contributions, periodic special events, and grants. Each year, the BGCCVA must raise approximately 85% of its operating expenditures and seldom does the BGCCVA receive multiyear grants or does it have commitments for more than 15% of a fiscal year's operating expenditures prior to the start of the fiscal year.

The Club collects registration and other fees from its members to help offset the costs associated with the registration process and certain elective programs. These fees are reported as program fees and club fees in the statement of activities, or as offsets against program expenses for certain elective programs.

Donated Materials and Services

In accordance with the FASB guidance, contributions of services are recognized for services received that require specialized skills. The Club recognized $10,000 of contributed audit services support for the years ended June 30, 2015 and 2014. In addition, for the year ended June 30, 2015, the Club recognized $3,255 of contributed contractor services support.

No amounts have been recognized in the financial statements for donated services that are not specialized skills, since there is no objective basis to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Club's fund-raising and other activities.

Significant donated materials and other items, exclusive of capital additions, are valued at cost or estimated fair market value on the date of the gift, as applicable. The Club also receives donated supplies or discounts on supplies that it uses in fund-raising and other activities.

SIGNIFICANT ACCOUNTING POLICIES--(Cont'd)

Accounting Estimates

The preparation of financial statements in conformity with U. S. GAAP requires Management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Significant estimates that affect the Club's financial statements are the allowance for uncollectible pledges, the discounting of future pledges receivable to their estimated net present values, functionalization of expenses, fair value of investments, depreciable lives and residual value of property, and the valuation of contributed services and donated lease space.

Advertising

The Club expenses advertising costs as incurred. Advertising costs were insignificant in the years ended June 30, 2015 and 2014.

Property and Equipment

Property and equipment is stated at cost. The Club capitalizes all expenditures for items that exceed $2,500 in value that have a useful life of two years or longer. Donated property is recorded at fair market value based on independent appraisals or comparisons to similar asset sales and recognized as income when received.

Property and equipment is depreciated using straight-line and accelerated methods over the estimated useful lives of the assets. Management generally estimates useful lives of 3 to 7 years for vehicles, computer equipment, and computer software, 7 to 10 years for furniture and fixtures, and 39 years for buildings and leasehold improvements. Depreciation expense amounted to $225,542 and $218,318 for the years ended June 30, 2015 and 2014, respectively. Expenditures for maintenance and repairs are expensed as incurred.

Exempt Tax Status

The Club is exempt from income taxes under Section (501)(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Club has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business taxable income during the years ended June 30, 2015 and 2014.

SIGNIFICANT ACCOUNTING POLICIES--(Cont'd)

Uncertain Tax Positions

The Club has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Club.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Values of Financial Instruments

The FASB established a framework for measuring fair value, which expanded disclosures about fair value measurements under U. S. GAAP.

The fair value framework requires the categorization of assets and liabilities into three levels based on the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The Club's pledges receivable and investment holdings in pooled investment funds are categorized as Level 3 assets.

SIGNIFICANT ACCOUNTING POLICIES--(Cont'd)

Subsequent Events

Management has evaluated subsequent events through December 18, 2015, which is the date the financial statements were available to be issued.

INVESTMENTS

The Club invests funds with the goal of generating a total return that meets or exceeds the spending rate and the inflation rate, as measured by the Consumer Price Index.

The Club holds investments managed by an outside third party that are part of a pooled investment fund. The Club does not hold individual investments in this fund, but rather holds a share of the pool and, as such, generally only unrealized gains and losses are reported by the investment manager to the Club based upon their respective share of the pool. Realized gains and losses will be reported upon redemption of the Club's share of the pool. Investments can be liquidated subject to approval by the investment manager and the Club's Board. The Club has no unfunded commitments. The fund invests primarily in equity securities, fixed income securities, and alternative investments. The alternative investments are not readily marketable and are carried at estimated fair values as provided by the investment manager. The Club believes the carrying amount of these investments is a reasonable estimate of fair value. The amounts the Club will ultimately realize could differ materially from the reported amounts, and significant fluctuations in fair values could occur from year to year.

The Club's investments are carried at their fair market value based upon the values reported by the investment pool fund manager. At June 30, 2015, the fund was available to be redeemed, subject to approval, at the full net asset value. The cost basis includes the original purchase cost of the investments plus investment earnings reinvested.

A summary of the fair market value and cost of the Club's investments at June 30, 2015 is as follows:

	FAIR MARKET VALUE	COST
Pooled investments	$2,935,629	$2,795,666

A summary of the fair market value and cost of the Club's investments at June 30, 2014 is as follows:

	FAIR MARKET VALUE	COST
Pooled investments	$2,437,222	$2,234,065

INVESTMENTS--(Cont'd)

For the years ended June 30, 2015 and 2014, the Club recognized net realized and unrealized gains (net of investment management fees) on the change in the value of its investments as follows:

	2015	2014
Net realized and unrealized gains	$ 92,807	$ 247,176

At June 30, 2015 and 2014, the Club's investments in the pool consisted of the following:

	2015	2014
Public and private equity funds	58.0%	58.8%
Alternative investments	16.3	18.5
Fixed income securities	18.3	19.3
Real estate investment trusts	4.0	2.0
Cash	3.4	1.4
	100.0%	100.0%

Expenses relating to investment revenues totaled $28,345 and $17,569 for the years ended June 30, 2015 and 2014, respectively. These expenses represent fees charged by the investment manager for investment management and advisory services. Investment fees have been netted against realized and unrealized gains (losses) in the accompanying statement of activities for the years ended June 30, 2015 and 2014.

PROPERTY AND EQUIPMENT

The Club's property and equipment consisted of the following at June 30, 2015 and 2014:

	2015	2014
Buildings, improvements, and equipment	$6,595,226	$6,419,457
Furniture and fixtures	277,539	300,898
Vehicles	212,490	212,490
Total property and equipment	7,085,255	6,932,845
Less: Accumulated depreciation	1,181,792	1,008,594
Property and equipment (net)	$5,903,463	$5,924,251

PLEDGES RECEIVABLE

The Club has adopted U. S. GAAP standards for the fair value option to value its multi-year pledges receivable using a discount rate that is determined annually. The election was made because management believes that the use of fair value reduces the cost of measuring its multi-year pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those pledges were measured using present value techniques and historical discount rates. Pledges conditional upon future operations of the Club in the amount of $90,000 have not been recorded in these financial statements. The Club determines its discount rate based upon the approximate five-year treasury yield outstanding at the end of each year and applies this rate to all multi-year pledges receivable. The Club's discount rate was 2.0% at June 30, 2015 and 2014.

Pledges receivable at June 30, 2015 and 2014 were as follows:

	2015	2014
Receivable in less than one year	$ 194,297	$ 354,739
Receivable in one to five years	230,000	352,500
Total pledges receivable	424,297	707,239
Less: Discounts on pledges receivable	(16,500)	(19,900)
Allowance for uncollectible pledges receivable	(2,000)	(3,300)
Net pledges receivable	$ 405,797	$ 684,039

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Club's assets measured on a recurring basis at June 30, 2015 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pledges receivable	$ ….	$ ….	$ 405,797	$ 405,797
Investments	….	….	2,935,629	2,935,629
Total financial assets at fair value	$ ….	$ ….	$3,341,426	$3,341,426

The Club's policy is to treat transfers between levels as occurring at the beginning of the year. During the year ended June 30, 2015, there were no changes to the classification among categories.

The fair values of the Club's assets measured on a recurring basis at June 30, 2014 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pledges receivable	$ ….	$ ….	$ 684,039	$ 684,039
Investments	….	….	2,437,222	2,437,222
Total financial assets at fair value	$ ….	$ ….	$3,121,261	$3,121,261

FAIR VALUE OF FINANCIAL INSTRUMENTS--(Cont'd)

During the year ended June 30, 2014, there were no changes to the classification among categories.

The following is a reconciliation of activity for the year ended June 30, 2015 for Level 3 assets measured at fair value:

	PLEDGES RECEIVABLE	INVESTMENTS	TOTAL
Balance, beginning of year	$ 684,039	$2,437,222	$3,121,261
Contributions	33,600	520,000	553,600
Pledges written off	….	….	….
Collections of pledges	(316,542)	….	(316,542)
Investment withdrawals	….	(156,000)	(156,000)
Change in discount and allowance	4,700	….	4,700
Investment earnings reinvested	….	41,600	41,600
Investment income - unrealized	….	121,152	121,152
Funds expended for investment fees	….	(28,345)	(28,345)
	$ 405,797	$2,935,629	$3,341,426

The following is a reconciliation of activity for the year ended June 30, 2014 for Level 3 assets measured at fair value:

	PLEDGES RECEIVABLE	INVESTMENTS	TOTAL
Balance, beginning of year	$ 323,443	$1,881,907	$2,205,350
Contributions	757,602	370,000	1,127,602
Pledges written off	….	….	….
Collections of pledges	(383,106)	….	(383,106)
Investment withdrawals	….	(90,000)	(90,000)
Change in discount and allowance	(13,900)	….	(13,900)
Investment earnings reinvested	….	28,139	28,139
Investment income - unrealized	….	264,745	264,745
Funds expended for investment fees	….	(17,569)	(17,569)
	$ 684,039	$2,437,222	$3,121,261

GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2015 and 2014:

	2015	2014
Office of Justice Programs	$ 10,095	$ 43,000
Virginia Department of Health	13,233	5,850
Boys & Girls Clubs of America Programs	20,881	….
Miscellaneous	….	396
	$ 44,209	$ 49,246

CONSTRUCTION IN PROGRESS

Costs to date related to the renovation of club facilities in Orange County totaled $42,788 for the year ended June 30, 2015. The renovation will be completed during the year ending June 30, 2016. Total projected costs to complete the Orange renovation are approximately $37,000.

DEFERRED REVENUE

Deferred revenue represents funds that have been received but not yet earned by the Club, such as grant proceeds received but not spent by year end, funds received for potential future clubs, and funds received for special events scheduled to take place after year end. Deferred revenue consisted of the following at June 30, 2015 and 2014:

	2015	2014
Unexpended grant funds	$ 50,000	$ 98,000
Revocable deposits	2,297	2,297
Fees for future special events	21,320	24,696
Fees for future registrations	….	5,489
Total deferred revenue	$ 73,617	$ 130,482

NET ASSETS

Temporarily restricted net assets were as follows at June 30, 2015 and 2014:

	2015	2014
Boys & Girls Club - Madison	$ 209,409	$ 133,427
Boys & Girls Club - Orange	309,322	225,578
Boys & Girls Club - Southwood	30,903	59,541
Boys & Girls Club - James River	1,378,552	1,350,681
Various (includes time restriction on pledges)	29,842	128,043
	$1,958,028	$1,897,270

EMPLOYEE BENEFIT PLAN

The Club adopted a SIMPLE IRA plan for employees that was effective through December 31, 2014. Employees were eligible to participate in the plan if they expected to receive at least $5,000 in compensation during the plan year and received at least $5,000 in compensation during a prior year. There were 19 participants during the period July 1, 2014 through December 31, 2014, at a total cost to the Club of $10,293, and 14 participants during the year ended June 30, 2014, at a total cost to the Club of $21,454.

Beginning January 1, 2015, the Club elected to change its SIMPLE IRA plan to a 403(b) thrift plan. Employees are eligible to participate in the plan if they are at least 18 years old, complete one year of service, and have worked at least 1,000 hours during the current year. There were 17 participants in the plan during the period January 1, 2015 through June 30, 2015, at a total cost to the Club of $13,191.

LEASE COMMITMENTS

The Club rents space from Orange County Public Schools under the terms of a lease that requires a monthly rental fee of $1,000. Escalation to cover increases in actual utility and/or maintenance costs, not to exceed 5%, may be applied annually at the discretion of the Schools. The lease began July 1, 2014 and expires June 30, 2017. During the year ended June 30, 2015, the Club signed another lease with Orange County Public Schools to lease additional space. The terms of the lease require a monthly rental fee of $198. The lease began on May 15, 2015 and expires June 30, 2016.

The Club also rents additional space from Orange County Public Schools under the terms of a lease that required a monthly rental fee of $236. The lease term began June 17, 2013 and expired August 30, 2013. No new lease has been signed but the Club continues to rent the space under the terms of the original agreement.

Total rent expense was $16,741 and $16,587 for the years ended June 30, 2015 and 2014, respectively.

Approximate future minimum lease obligations under these leases are as follows:

YEAR	AMOUNT
2016	$ 14,376
2017	12,000
Total	$ 26,376

IN-KIND CONTRIBUTIONS

The Club conducts activities in facilities for which it pays no or below-market rents. The estimated market value of the use of these facilities is included in both support and expense in the statement of activities. The estimated market values for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Southwood, Charlottesville	$ 12,000	$ 12,000
Jack Jouett Middle School, Charlottesville	22,000	22,000
Orange County Public School Building	36,000	34,000
Madison County Public School Building	20,000	20,000
Scottsville Community Center Building	13,000	1,000
Virginia National Bank, Charlottesville	19,000	….
	$122,000	$ 89,000

The Club also receives various donated supplies and other items that it uses in its program services and fund-raising activities. The Club's estimate of the fair value of the donated items was $54,428 and $37,847 during the years ended June 30, 2015 and 2014, respectively.

CONCENTRATIONS

For the year ended June 30, 2015, there was no single donor who contributed greater than 10% of total support. The Club earned approximately 55% of grant revenue from three grantors and approximately 16% of total revenue from one special event. As of June 30, 2015, approximately 67% of the gross outstanding balance of pledges receivable was due from three donors.

For the year ended June 30, 2014, there was no single donor who contributed greater than 10% of total support. The Club earned approximately 59% of grant revenue from four grantors and approximately 13% of total revenue from one special event. As of June 30, 2014, approximately 57% of the gross outstanding balance of pledges receivable was due from three donors.

LINE OF CREDIT

Virginia National Bank extended a $250,000 five-year unsecured line of credit to the Club with interest payable monthly at a rate of the higher of the Wall Street Journal Prime Rate or 3.75%. At June 30, 2014, the interest rate was 3.75%. Total interest of $1,110 was incurred and charged to expense for the year ended June 30, 2014. The line was paid off during the year ended June 30, 2014 and no additional draws were made. The line was scheduled to mature each year of the five-year period for the bank to review the Club's financial information, but the five-year maturity date was changed during the year ended June 30, 2015, which required a new commitment letter. The new line of credit extended by Virginia National Bank bears the same terms as the original agreement but matures February 1, 2020. As of June 30, 2015, no draws had been made on the line of credit and it is still available for use until the maturity date. An officer at Virginia National Bank is a member of the Club's board of directors, but the line of credit was obtained in the ordinary course of business.

LINE OF CREDIT--(Cont'd)

For the years ended June 30, 2015 and 2014, the Club was in compliance with all terms and conditions related to the lines of credit.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.