

**BOYS AND GIRLS CLUB OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

**FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**



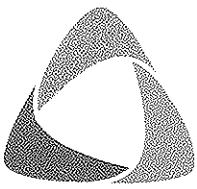
**AAFCPAs**  
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**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Contents  
June 30, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of  
Boys and Girls Clubs of Middlesex County, Inc.  
d/b/a Boys and Girls Clubs of Medford & Somerville:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Boys and Girls Clubs of Middlesex County, Inc. d/b/a Boys and Girls Clubs of Medford & Somerville (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of Middlesex County, Inc. d/b/a Boys and Girls Clubs of Medford & Somerville 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.

*Alexander, Acorn, Fenning & Co., P.C.*  
Boston, Massachusetts  
October 20, 2015

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Statements of Financial Position  
June 30, 2015 and 2014

Assets	2015			2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets:							
Cash and cash equivalents	\$ 9,699	\$ 21,711	\$ 10,000	\$ 41,410	\$ 42,673	\$ 10,000	\$ 53,819
Accounts receivable	78,087	-	-	78,087	-	-	23,587
Current portion of grants receivable	25,000	100,280	-	125,280	107,000	-	132,000
Prepaid expenses and other assets	3,000	-	-	3,000	-	-	5,623
Total current assets	115,786	121,991	10,000	247,777	149,673	10,000	215,029
Grants Receivable, net of current portion	-	25,000	-	25,000	50,000	-	50,000
Investments (see Note 8)	286,108	-	-	286,108	-	-	452,805
Property and Equipment, net of accumulated depreciation	37,264	-	-	37,264	-	-	55,198
Total assets	\$ 439,158	\$ 146,991	\$ 10,000	\$ 596,149	\$ 199,673	\$ 10,000	\$ 773,032
<b>Liabilities and Net Assets</b>							
Current Liabilities:							
Accounts payable and accrued expenses	\$ 54,193	\$ -	\$ -	\$ 54,193	\$ -	\$ -	\$ 23,344
Deferred revenue	11,025	-	-	11,025	-	-	7,440
Total current liabilities	65,218	-	-	65,218	-	-	30,784
Net Assets:							
Unrestricted:							
Operating	50,568	-	-	50,568	24,572	-	24,572
Property and equipment	37,264	-	-	37,264	55,198	-	55,198
Board designated - stabilization fund	286,108	-	-	286,108	452,805	-	452,805
Total unrestricted	373,940	-	-	373,940	532,575	-	532,575
Temporarily restricted	-	146,991	-	146,991	199,673	-	199,673
Permanently restricted	-	-	10,000	10,000	-	10,000	10,000
Total net assets	373,940	146,991	10,000	530,931	199,673	10,000	742,248
Total liabilities and net assets	\$ 439,158	\$ 146,991	\$ 10,000	\$ 596,149	\$ 199,673	\$ 10,000	\$ 773,032

The accompanying notes are an integral part of these statements.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2015 and 2014

	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support:</b>								
Grants and contributions	\$ 318,404	\$ 96,748	\$ -	\$ 415,152	\$ 295,941	\$ 199,673	\$ -	\$ 495,614
Donated goods and services	352,852	-	-	352,852	367,449	-	-	367,449
Contract revenue	207,471	-	-	207,471	113,733	-	-	113,733
Special events	142,804	-	-	142,804	96,860	-	-	96,860
Program fees	54,702	-	-	54,702	55,792	-	-	55,792
Rental income	29,174	-	-	29,174	20,548	-	-	20,548
Other	16,747	-	-	16,747	27,515	-	-	27,515
Net assets released from restrictions:								
Satisfaction of time restrictions	93,000	(93,000)	-	-	68,543	(68,543)	-	-
Satisfaction of purpose restrictions	56,430	(56,430)	-	-	68,729	(68,729)	-	-
Total revenue and support	1,271,584	(52,682)	-	1,218,902	1,115,110	62,401	-	1,177,511
<b>Expenses:</b>								
Program services	1,024,821	-	-	1,024,821	1,023,759	-	-	1,023,759
General and administrative	216,305	-	-	216,305	236,287	-	-	236,287
Fundraising	181,132	-	-	181,132	162,498	-	-	162,498
Total expenses	1,422,258	-	-	1,422,258	1,422,544	-	-	1,422,544
Changes in net assets from operations	(150,674)	(52,682)	-	(203,356)	(307,434)	62,401	-	(245,033)
<b>Non-Operating Revenue (Expense):</b>								
Investment return, net	3,385	-	-	3,385	68,242	-	-	68,242
Loss on disposal of property and equipment	(11,346)	-	-	(11,346)	-	-	-	-
Total non-operating revenue (expense)	(7,961)	-	-	(7,961)	68,242	-	-	68,242
Changes in net assets	(158,635)	(52,682)	-	(211,317)	(239,192)	62,401	-	(176,791)
<b>Net Assets:</b>								
Beginning of year	532,575	199,673	10,000	742,248	771,767	137,272	10,000	919,039
End of year	\$ 373,940	\$ 146,991	\$ 10,000	\$ 530,931	\$ 532,575	\$ 199,673	\$ 10,000	\$ 742,248

The accompanying notes are an integral part of these statements.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.**  
**D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Statements of Cash Flows  
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (211,317)	\$ (176,791)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	14,088	13,942
Bad debts	400	3,501
Loss on disposal of property and equipment	11,346	-
Investment return	(3,385)	(68,242)
Changes in operating assets and liabilities:		
Accounts receivable	(54,900)	9,346
Grants receivable	31,720	(108,507)
Prepaid expenses and other assets	2,623	289
Accounts payable and accrued expenses	30,849	(34,461)
Deferred revenue	3,585	7,440
Net cash used in operating activities	<u>(174,991)</u>	<u>(353,483)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(7,500)	-
Purchase of investments	(243,116)	(661,649)
Proceeds from sale of investments	413,198	997,503
Net cash provided by investing activities	<u>162,582</u>	<u>335,854</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>(12,409)</u>	<u>(17,629)</u>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>53,819</u>	<u>71,448</u>
End of year	<u>\$ 41,410</u>	<u>\$ 53,819</u>
<b>Non-Cash Investing Activity Disclosure:</b>		
Unrealized gain (loss) on investments	<u>\$ (27,669)</u>	<u>\$ 27,401</u>

The accompanying notes are an integral part of these statements.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Statements of Functional Expenses  
For the Years Ended June 30, 2015 and 2014

	2015				2014			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
<b>Expenses:</b>								
Salaries and related:								
Salaries	\$ 450,745	\$ 96,697	\$ 96,697	\$ 644,139	\$ 429,039	\$ 113,099	\$ 113,099	\$ 655,237
Payroll taxes and employee benefits	81,374	16,047	16,047	113,468	71,309	19,752	18,692	109,753
Total salaries and related	532,119	112,744	112,744	757,607	500,348	132,851	131,791	764,990
Occupancy	382,752	21,476	-	404,228	383,702	22,179	-	405,881
Professional fees	-	60,294	33,000	93,294	-	55,670	10,450	66,120
Program supplies and other	50,853	-	-	50,853	86,159	-	-	86,159
Dues and subscriptions	13,968	955	6,435	21,358	9,176	686	80	9,942
Special events	-	-	16,396	16,396	-	-	16,341	16,341
Insurance	6,784	4,701	-	11,485	8,794	2,199	-	10,993
Transportation	10,607	54	-	10,661	3,092	510	-	3,602
Miscellaneous	4,939	5,139	339	10,417	5,744	4,588	271	10,603
Postage and printing	135	2,771	5,736	8,642	-	2,952	2,240	5,192
Staff training and travel	146	777	6,023	6,946	4,060	1,510	-	5,570
Telephone and communications	4,480	2,259	-	6,739	3,644	2,288	-	5,932
Office supplies	1,060	4,564	459	6,083	2,783	7,353	1,325	11,461
Vehicle and maintenance	2,890	171	-	3,061	2,315	-	-	2,315
Bad debts	-	400	-	400	-	3,501	-	3,501
Total expenses before depreciation	1,010,733	216,305	181,132	1,408,170	1,009,817	236,287	162,498	1,408,602
Depreciation	14,088	-	-	14,088	13,942	-	-	13,942
Total expenses	\$ 1,024,821	\$ 216,305	\$ 181,132	\$ 1,422,258	\$ 1,023,759	\$ 236,287	\$ 162,498	\$ 1,422,544

The accompanying notes are an integral part of these statements.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Notes to Financial Statements  
June 30, 2015 and 2014

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**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**

**OPERATIONS AND NONPROFIT STATUS**

Boys and Girls Clubs of Middlesex County, Inc. d/b/a Boys and Girls Clubs of Medford & Somerville (the Club) was incorporated in 1968 and provides education and recreation related activities for children of the Somerville, Medford, Cambridge, and Everett, Massachusetts areas. At the end of fiscal year 2015, the Club transitioned its programs located in Cambridge and Everett to other youth-serving organizations. The Community Art Center took over our space in Cambridge and continued to serve a significant portion of our members. Other members were assisted in being placed at other youth after-school programs in the community. The Malden YMCA took over the Everett program and continues to serve Everett teens as the Teen Enrichment Center.

The Club is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Club is also exempt from state income taxes. Contributions made to the Club are deductible by donors within the requirements of the IRC.

**SIGNIFICANT ACCOUNTING POLICIES**

The Club prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

**Estimates**

The preparation of financial statements in accordance with U.S. GAAP 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.

**Property and Equipment and Depreciation**

Property and equipment that exceed \$2,000 are recorded at cost, if purchased, or at fair value of the gift at the time of donation. Expenditures for maintenance and repairs are expensed as incurred. Betterments, which increase the value or materially extend the life of the related assets, are capitalized. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Furniture, fixtures and equipment	3 - 10 years
Vehicles	5 years
Leasehold improvements	Life of lease



**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
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Notes to Financial Statements  
June 30, 2015 and 2014

**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment and Depreciation (Continued)**

Property and equipment consist of the following as of June 30:

	<u>2015</u>	<u>2014</u>
Furniture, fixtures and equipment	\$ 67,891	\$ 128,039
Vehicles	26,027	26,027
Leasehold improvements	<u>14,021</u>	<u>37,402</u>
	107,939	191,468
Less - accumulated depreciation	<u>70,675</u>	<u>136,270</u>
Net property and equipment	<u>\$ 37,264</u>	<u>\$ 55,198</u>

**Description of Net Assets**

***Unrestricted Net Assets***

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Club. The Club has grouped its unrestricted net assets into the following categories:

- **Operating net assets** represent liquid net resources available to carry on the operations of the Club.
- **Property and equipment net assets** reflect the net book value of the property and equipment.
- **Board designated – stabilization fund** reflects the investments that have been set aside by the Board of Directors as additional funds to help assist with cash flow shortfalls. Any amounts withdrawn from the investment portfolio need to have approval from the Board of Directors. The Club withdrew approximately \$162,000 and \$335,000 during fiscal years 2015 and 2014, respectively.

***Temporary Restricted Net Assets***

The Club receives grants and contributions that are designated by donors for specific program purposes or a specific time period. These grants and contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes or the time restriction lapses. Temporarily restricted net assets are restricted at June 30, 2015 and 2014, for the following purposes:

	<u>2015</u>	<u>2014</u>
Time restricted	\$ 115,280	\$ 143,000
Program restricted	<u>31,711</u>	<u>56,673</u>
	<u>\$ 146,991</u>	<u>\$ 199,673</u>

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Notes to Financial Statements  
June 30, 2015 and 2014

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**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Description of Net Assets (Continued)**

***Permanently Restricted Net Assets***

Permanently restricted net assets include donor-restricted contributions for which the principal must be held as a permanent source of income. The donor has stipulated that the principal contributions not be spent and that interest earned on the contributions be used for designated program purposes, such as scholarships. As of June 30, 2015, all interest revenue has been expended for its designated purposes and is reflected in unrestricted net assets. The principal amount of \$10,000 is included in cash and cash equivalents and permanently restricted net assets in the accompanying financial statements.

**Revenue Recognition**

Unrestricted grants and contributions are recognized as revenue when unconditionally committed or received. Contract revenue is recognized as income when services are rendered or costs are incurred. Program fees, rentals and all other revenue is recognized when earned.

Restricted grants and contributions are recorded as permanently or temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in unrestricted net assets.

Amounts received in advanced for the summer camp are included in deferred revenue in the accompanying statements of financial position as of June 30, 2015 and 2014. These amounts totaled \$4,825 and \$7,440 as of June 30, 2015 and 2014, respectively, and will be recognized in the period in which the camp commences. Included in deferred revenue as of June 30, 2015, is \$6,200 of sponsorships pertaining to a fundraising event that will take place in the following fiscal year.

**Cash and Cash Equivalents**

For the purpose of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less and not held in the investment portfolio to be cash and cash equivalents.

**Expense Allocation**

Expenses related directly to programs are distributed to program service expenses, while other expenses are allocated based upon management's estimate of the percentage attributable to program services, fundraising and general and administrative activities.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts, if any, is based on collection experience and other circumstances which may affect the ability of customers to meet their obligations. It is the Club's policy to charge-off uncollectible accounts receivable when management determines the receivable will not be collected. There was no allowance for doubtful accounts deemed necessary as of June 30, 2015 and 2014.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Notes to Financial Statements  
June 30, 2015 and 2014

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**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Goods and Services**

During the years ended June 30, 2015 and 2014, the Club received donated goods, services and facility usage from various individuals or organizations for use in its programs (see Note 2). These goods and services are reflected in the accompanying financial statements at fair value as determined by management.

The value of these goods and services is as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Occupancy	\$ 350,100	\$ 350,100
Supplies and other	2,752	3,500
Program services	<u>-</u>	<u>13,849</u>
	<u>\$ 352,852</u>	<u>\$ 367,449</u>

**Fair Value Measurements**

The Club follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Club would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Club uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Club. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Notes to Financial Statements  
June 30, 2015 and 2014

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**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

Subsequent events have been evaluated through October 20, 2015, which is the date the financial statements were available to be issued. There was one event that met the criteria for recognition or disclosure in the financial statements (see Note 8).

**Income Taxes**

The Club accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Club has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2015 and 2014. The Club's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

**2. LEASE COMMITMENTS**

The Club has a three-year lease agreement for one of its program facilities for \$800 per month through June 2018. The Club paid rent of \$9,600 for the years ended June 30, 2015 and 2014, and estimates the fair value of this space to be \$120,000 annually. The difference between the fair value and the actual payments made is included in donated goods and services revenue and occupancy expense in the accompanying financial statements (see Note 1).

The Club had a formal agreement to pay \$1,400 a month for a program facility originally through June 2016. During the years ended June 30, 2015 and 2014, the Club paid rent totaling \$16,800, and estimates the fair value of this space to be \$79,000 annually. The difference between the fair value and the actual payments made is included in donated goods and services revenue and occupancy expense in the accompanying financial statements (see Note 1). This agreement was terminated as of June 30, 2015, which was agreed upon by the landlord.

The Club also receives donated space for another program facility where it occupies space as a tenant-at-will. The Club estimates the fair value of the space to be \$80,000 annually, which is included in donated goods and services revenue and occupancy expense in the accompanying financial statements (see Note 1).

The Club also received donated space as a tenant-at-will for a program facility that was previously under a lease agreement that had expired. The fair value of this space is estimated at \$97,500 annually, and is included in donated goods and services revenue and occupancy expense in the accompanying financial statements (see Note 1). This tenant-at-will agreement ended as of June 30, 2015.

The Club occupies space for its administrative offices under a lease agreement that requires monthly payments of \$1,500 through May 2016. Rent for this space totaled \$18,000 during the years ended June 30, 2015 and 2014.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

Notes to Financial Statements  
June 30, 2015 and 2014

**2. LEASE COMMITMENTS (Continued)**

Future minimum payments under the lease agreements on page 10 are as follows:

2016	\$ 26,100
2017	\$ 9,600
2018	\$ 9,600

**3. RENTAL INCOME**

The Club rents out its gymnasium to various community groups. Rental income totaled \$29,174 and \$20,548 for the years ended June 30, 2015 and 2014, respectively.

**4. INVESTMENTS**

The following is a summary of the Club's investment portfolio as of June 30, 2015 and 2014:

<b>2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 9,736	\$ -	\$ -	\$ 9,736
Fixed income:				
Domestic corporate bonds	-	109,412	-	109,412
Mortgage-backed securities	-	19,385	-	19,385
Other fixed income	7,939	-	-	7,939
Equities:				
Domestic common stocks:				
Other common stocks	49,433	-	-	49,433
Financial services	30,253	-	-	30,253
Technology	18,729	-	-	18,729
Healthcare	15,724	-	-	15,724
Energy	9,491	-	-	9,491
Global equities	16,006	-	-	16,006
	<u>\$ 157,311</u>	<u>\$ 128,797</u>	<u>\$ -</u>	<u>\$ 286,108</u>
<b>2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 7,230	\$ -	\$ -	\$ 7,230
Fixed income:				
Domestic corporate bonds	-	190,004	-	190,004
Mortgage-backed securities	-	21,724	-	21,724
Other fixed income	3,217	-	-	3,217
Equities:				
Domestic common stocks:				
Other common stocks	67,361	-	-	67,361
Financial services	42,176	-	-	42,176
Technology	36,907	-	-	36,907
Healthcare	36,379	-	-	36,379
Energy	25,002	-	-	25,002
Global equities	22,805	-	-	22,805
	<u>\$ 241,077</u>	<u>\$ 211,728</u>	<u>\$ -</u>	<u>\$ 452,805</u>

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
D/B/A BOYS AND GIRLS CLUBS OF MEDFORD & SOMERVILLE**

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**4. INVESTMENTS (Continued)**

The Club's Level 2 investments consist of bonds and securities, which are valued based on inputs in markets that are not actively traded and third-party pricing agents.

The following is a summary of the net investment return for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Realized gains on investments	\$ 22,358	\$ 26,819
Investment income	14,646	21,861
Investment fees	(5,950)	(7,839)
Unrealized gain (loss) on investments	<u>(27,669)</u>	<u>27,401</u>
	<u>\$ 3,385</u>	<u>\$ 68,242</u>

Investments are recorded at fair value. Investment income is recorded as earned. Investment gains or losses are recorded as incurred or based on changes in fair value during the period. Investments are classified as long-term in the accompanying statements of financial position, as it is the Club's intent to hold these investments for long-term purposes. Investments are not insured and are subject to ongoing market fluctuations. Subsequent to June 30, 2015, the investments were liquidated and converted to cash (see Note 8).

**5. GRANTS RECEIVABLE**

Grants receivable as of June 30, 2015 and 2014, are due as follows:

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Within one year	\$ 125,280	\$ 132,000
One to two years	<u>25,000</u>	<u>50,000</u>
	150,280	182,000
Less - current portion	<u>125,280</u>	<u>132,000</u>
	<u>\$ 25,000</u>	<u>\$ 50,000</u>

Multi-year grants receivable have not been discounted as the effect is immaterial to the financial statements.

**6. RETIREMENT PLAN**

The Club maintains a qualified salary reduction plan (an IRC Section 401(k) plan), whereby eligible employees make elective tax deferred contributions to the plan up to the IRC limits. The Club matches a percentage of each employee's contributions to the plan at its discretion. During fiscal years 2015 and 2014, the Club elected to match 50% of the first 3% that was contributed by the employees with a maximum contribution of \$17,500. The Club contributed approximately \$5,000 and \$1,900 to the plan during the years ended June 30, 2015 and 2014, respectively, which is included in payroll taxes and employee benefits in the accompanying statements of functional expenses.

**BOYS AND GIRLS CLUBS OF MIDDLESEX COUNTY, INC.  
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**7. CONDITIONAL GRANT**

A foundation awarded the Club a \$90,000 grant of which \$30,000 was received through June 30, 2015. The balance of the grant of \$60,000 is a conditional grant at June 30, 2015. Since this grant is conditional upon the Club raising a certain amount for operations under certain conditions, it is not reflected in the accompanying financial statements at June 30, 2015.

**8. SUBSEQUENT EVENT**

In August 2015, the Board of Directors and management decided to liquidate the Club's investment portfolio and transfer the proceeds to an interest bearing money market bank account. The amount of the transfer was \$290,236.