

**BOYS & GIRLS CLUB
OF INDIAN RIVER COUNTY, INC.
AND AFFILIATE**

**Consolidated Financial Statements
and Supplementary Information
with
Independent Auditors' Report**

June 30, 2019
(With Comparative Totals for 2018)

Table of Contents

	Page
Independent Auditors' Report	2 - 3
Consolidated Financial Statements:	
Consolidated Statement of Financial Position.....	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows.....	7
Notes to Consolidated Financial Statements	8 - 16
Supplementary Information:	
Consolidating Statement of Financial Position	18
Consolidating Statement of Activities and Changes in Net Assets	19



KMETZ • ELWELL • GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Boys & Girls Club of Indian River County, Inc. and Affiliate
Vero Beach, Florida

We have audited the accompanying consolidated financial statements of the Boys & Girls Club of Indian River County, Inc. (a nonprofit organization) and Affiliate which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 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 audit. We conducted our audit 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 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.

To the Board of Directors
Boys & Girls Club of Indian River County, Inc. and Affiliate

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Indian River County, Inc. and Affiliate as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Boys & Girls Club of Indian River County, Inc. and Affiliate's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and statement of activities and changes in net assets (unrestricted) on pages 18-19 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants

October 10, 2019

Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Financial Position
June 30, 2019
(With comparative totals for 2018)

	2019	2018
	Total	Total (memo only)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,618,281	\$ 1,448,807
Grants receivable	125,412	25,412
Pledges receivable	906,350	10,000
Prepaid expenses	42,396	31,670
Total Current Assets	2,692,439	1,515,889
Investments	2,974,042	2,941,836
Construction in Progress	949,317	7,500
Leasehold interests	670,256	951,512
Property and equipment, net	5,622,101	5,828,448
	\$ 12,908,155	\$ 11,245,185
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 349,874	\$ 25,156
Accrued wages and vacation pay	65,812	57,100
Deferred revenue	900	600
Capital lease obligation, current	4,706	4,095
Total Current Liabilities	421,292	86,951
Long-term Liabilities		
Capital lease obligation, less current portion	11,306	16,395
Total Long-term Liabilities	11,306	16,395
Net Assets		
Without donor restrictions:		
Operating	7,060,488	6,445,442
Board designated	3,739,813	3,714,885
With donor restrictions	1,675,256	981,512
Total Net Assets	12,475,557	11,141,839
	\$ 12,908,155	\$ 11,245,185

See accompanying notes to consolidated financial statements.

Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Activities and Changes in Net Assets
Year ended June 30, 2019
(With comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total (memo only)
Revenues and other support				
Contributions	822,559	\$ 1,789,589	\$ 2,612,148	\$ 945,339
Grants	320,317	-	320,317	244,147
Fundraising events/projects	496,174	-	496,174	456,797
Net investment income	185,333	-	185,333	185,044
Program fees	247,007	-	247,007	253,496
Net assets released from restrictions through satisfaction of purpose	859,647	(859,647)	-	-
Total revenues and other support	2,931,037	929,942	3,860,979	2,084,823
Expenses				
Program services:				
Youth Programs - Athletics	164,675	-	164,675	-
Youth Programs - Destinations	131,601	-	131,601	-
Youth Programs - Fellsmere	408,059	-	408,059	439,362
Youth Programs - Sebastian	457,986	-	457,986	476,538
Youth Programs - Vero Beach	815,256	-	815,256	903,507
Total program services	1,977,577	-	1,977,577	1,819,407
Supporting services:				
Management and general	115,262	-	115,262	110,161
Fundraising	198,224	-	198,224	177,258
Total supporting services	313,486	-	313,486	287,419
Total expenses	2,291,063	-	2,291,063	2,106,826
Excess of revenues over expenses	639,974	929,942	1,569,916	(22,003)
Other non-operating items				
Contribution of leasehold interest	-	174,612	174,612	-
Reduction in leasehold interest	-	(410,810)	(410,810)	-
Total other non-operating items	-	(236,198)	(236,198)	-
Increase (decrease) in net assets	639,974	693,744	1,333,718	(22,003)
Net assets, beginning of year	10,160,327	981,512	11,141,839	11,163,842
Net assets, end of year	\$ 10,800,301	\$ 1,675,256	\$ 12,475,557	\$ 11,141,839

See accompanying notes to consolidated financial statements.

Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Functional Expenses
Year ended June 30, 2019
(With comparative totals for 2018)

2019										2018
Program Services						Supporting Services		Total	Total (memo only)	
	Athletics	Destination	Fellsmere	Sebastian	Vero beach	Management and General	Fundraising			
Salaries and wages	\$ 92,675	\$ 95,039	\$ 218,744	\$ 256,272	\$ 354,350	\$ 47,061	\$ 38,542	1,102,683	987,097	
Staff benefits and payroll taxes	23,105	12,513	44,080	40,051	56,571	10,779	7,287	194,386	185,078	
Occupancy										
Rent	-	-	32,566	1,159	11,333	-	-	45,058	46,932	
Insurance	-	-	6,211	10,349	24,610	4,427	-	45,597	42,748	
Telephone and utilities	-	-	10,589	13,535	50,285	497	-	74,906	80,241	
Repairs and maintenance	-	-	14,680	25,012	63,499	5,319	-	108,510	124,234	
Rentals - equipment	-	796	8,010	7,480	9,241	8,456	-	33,983	30,085	
Transportation	-	1,217	15,167	20,767	26,829	1,335	-	65,315	30,901	
Program activities	48,164	20,708	15,651	14,089	39,766	-	2,295	140,673	101,593	
Professional services	-	-	2,150	2,150	2,150	7,600	2,600	16,650	16,000	
Board development/insurance	-	-	189	192	2,067	4,006	83	6,537	5,026	
Printing and advertising	-	-	424	168	160	654	14,787	16,193	19,415	
Supplies and postage	-	-	1,025	1,103	1,862	5,154	342	9,486	15,213	
Small equipment/furn purchases	-	-	16,965	2,788	5,233	4,933	-	29,919	26,631	
Licenses and dues	-	-	4,443	4,443	4,581	3,480	1,196	18,143	19,236	
Miscellaneous	655	1,252	2,428	3,122	8,968	2,084	3,461	21,970	19,781	
Depreciation	-	-	13,352	53,684	151,552	4,896	-	223,484	226,643	
Staff training and meetings	76	76	1,159	1,396	1,973	4,355	735	9,770	9,265	
Direct Fundraising Event Costs	-	-	-	-	-	-	126,896	126,896	121,487	
Interest expense	-	-	226	226	226	226	-	904	1,704	
Loss (gain) on disposal of asset	-	-	-	-	-	-	-	-	-2,484	
Total expenses	\$ 164,675	\$ 131,601	\$ 408,059	\$ 457,986	\$ 815,256	\$ 115,262	\$ 198,224	\$ 2,291,063	\$ 2,106,826	

See accompanying notes to consolidated financial statements.

Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Cash Flows
Year ended June 30, 2019
(With comparative totals for 2018)

	2019	2018
	Total	Total (memo only)
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,333,718	\$ (22,003)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	223,484	226,643
Loss (gain) on investments	(162,206)	(162,634)
Loss (gain) on sale of assets	-	(2,484)
Loss (gain) of leasehold interest	410,810	-
Contribution of land useage	(174,612)	-
Expansion campaign contributions	(1,689,589)	(10,000)
Changes in assets and liabilities:		
Grants receivable	(100,000)	7,316
Pledges receivable	-	60,670
Prepaid expenses	(10,726)	(8,066)
Leasehold interests	45,058	43,725
Accounts payable and accrued expenses	(12,976)	(49,481)
Accrued wages and vacation pay	8,712	660
Deferred revenue	300	(4,400)
Net cash provided by (used for) operating activities	(128,027)	79,946
Cash flows from investing activities:		
Purchase of property and equipment	(621,260)	(23,915)
Proceeds from sale of property and equipment	-	8,518
Proceeds from withdrawl of investments	130,000	-
Net cash used for investing activities	(491,260)	(15,397)
Cash flows from financing activities:		
Proceeds from expansion campaign contributions	793,239	-
Principal payments on capital lease obligation	(4,478)	(16,631)
Net cash provided by (used for) financing activities	788,761	(16,631)
Net increase (decrease) in cash	169,474	47,918
Cash, beginning of year	1,448,807	1,400,889
Cash, end of year	\$ 1,618,281	\$ 1,448,807
Supplemental disclosure:		
Cash paid for interest expense	\$ 904	\$ 1,560
Noncash investing and financing activities:		
Land acquired by lease	\$ 174,612	\$ -
Equipment acquired by lease	\$ -	\$ 23,000

See accompanying notes to consolidated financial statements.

Note 1 – Nature of Organization

The Boys & Girls Club of Indian River County, Inc. (the Club) was formed on February 4, 2000, to help local youth develop the qualities needed to become responsible citizens and leaders in the community. The organization grew from humble beginnings in an elementary school classroom to become one of the largest youth development organizations in the county. The Club serves more than 1,000 children ages 6-18 each year and hundreds of additional youth through community outreach. It operates three locations, one each in Vero Beach, Sebastian and Fellsmere. The Club welcomes children of all backgrounds, with special emphasis placed on those from disadvantaged circumstances.

The Club locations are open from 2:30 p.m. to 6:30 p.m. after school and all day during summer and on school breaks. Scholarships are provided for any child who is unable to pay the attendance fee. When children walk through the doors of the Club, they enter a safe, positive environment with caring youth development professionals and world-class programs. Key initiatives offered by the Clubs include homework help and tutoring, technology programs, athletics, field trips, and preparation for college and careers through the Destinations teen program. As the demand and need for the Boys & Girls Clubs increases, the organization continues to diversify its revenue streams, drawing support from individual donors, corporations and various agency grants.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Club have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The consolidated financial statements include the accounts of the Boys & Girls Clubs Foundation of Indian River County, Inc. (the Foundation). All significant inter-organization balances and transactions were eliminated in consolidation.

On July 29, 2012, the Club formed the Boys & Girls Club Foundation of Indian River County, Inc. (Foundation) for the purpose of holding certain investments and soliciting contributions on behalf of the Club. The Club is allowed to appoint the majority of the Foundation's Board of Directors, and the Foundation's bylaws require that the majority of the contributions and earnings on invested assets inure to the benefit of the Club. Accordingly, the accounts of the Foundation have been consolidated herein, as required by generally accepted accounting principles.

New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (topic 958) Presentation of Financial Statements of not-for-Profit Entities. The Club has adjusted the presentation of its financial statements accordingly and applied the changes retrospectively to the summarized comparative period presented. The new standards change the following aspects of the Club's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed to net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources.

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

The Club follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,500. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is provided using the straight-line method over estimated useful lives ranging from 3 to 39 years.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Club that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Club is a nonprofit organization as described in Sec. 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using specific identification or time & effort analysis as appropriate to the underlying natural expense categories.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Prior Period Information

The consolidated financial statements include certain prior-year summarized comparative information intended to be read only in relation to the current period figures. The comparative information was derived from the Club's consolidated financial statements for the year ended June 30, 2018, and does not herein include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Additionally, the prior year comparative figures may reflect certain reclassifications of amounts to conform to current year presentations.

Boys & Girls Club of Indian River County, Inc.

Notes to Consolidated Financial Statements (continued)

Note 3 – Uninsured Cash/Investment Balances and Credit Risk

Financial instruments which potentially subject the Club to a concentration of credit risk include cash and investments held at financial institutions, which at times exceed FDIC/SIPC insurance limits or are subject to risks associated within the underlying securities. The Club has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash and investment balances.

Note 4 – Pledges Receivable

The Club is conducting an expansion campaign to raise funds toward the construction/improvement of physical facilities and program development. Pledges receivable are expected to be collected over a three-year period.

Pledges are expected to be realized in the following periods:

Less than one year	\$ 891,350
One to two years	15,000
	<u>\$ 906,350</u>

Note 5 – Property and Equipment, net

The following is a summary of property and equipment:

	June 30, 2018	Additions	Deletions	June 30, 2019
Vehicles	\$ 138,763	\$ -	\$ -	\$ 138,763
Leasehold improvements	146,994	-	-	146,994
Office equipment/furnishings	64,991	-	-	64,991
Club equipment/furnishings	122,296	11,037	-	133,333
Sebastian building	1,439,443	-	-	1,439,443
Vero Beach buildings	5,230,283	6,100	-	5,236,383
Construction in progress	7,500	941,817	-	949,317
	<u>7,150,270</u>	<u>958,954</u>	<u>-</u>	<u>8,109,224</u>
Less accumulated depreciation	(1,314,322)	(223,484)	-	(1,537,806)
	<u>\$ 5,835,948</u>	<u>\$ 735,470</u>	<u>\$ -</u>	<u>\$ 6,571,418</u>

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 6 – Investments

Investments consist of the following as of June 30, 2018:

	Cost	Fair Value	Unrealized Gains (Losses)
Cash and Equivalents	\$ 185,058	\$ 185,058	\$ -
Gov't and Agency Securities	310,994	319,374	8,380
Corporate Bonds	152,500	159,107	6,607
Mutual Funds	724,835	758,056	33,221
Equities	1,311,630	1,552,447	240,817
	\$ 2,685,017	\$ 2,974,042	\$ 289,025

The components of total investment return from investments for June 30, 2018, are reflected below:

Dividends and interest	\$ 118,921
Net realized and unrealized gains (losses)	95,980
Investment fees and expenses	(29,568)
	\$ 185,333

Note 7 – Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. The three levels of inputs that may be used to measure value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 7 – Fair Value Measurements (continued)

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash & equivalents	\$ 1,618,281	\$ 1,618,281	\$ -	\$ -
Pledge Receivables	906,350			906,350
Investments	2,974,042	2,974,042	-	-
Leasehold interests	670,256	-	-	670,256
	\$ 6,168,929	\$ 4,592,323	\$ -	\$ 1,576,606

Note 8 – Leasehold Interests and Donated Facilities Usage

The Club leases land from the City of Vero Beach, the City of Sebastian, the City of Fellsmere, and the County of Indian River under respective 50 year leases, all with annual \$1 rental payments. Lease terms expire in April 2058, October 2051, February 2069, and August 2058, respectively.

The Club also leases from the City of Fellsmere a portion of the “Old Fellsmere School” building under a 25-year lease with an annual \$1 rental payment with improvements made to operate children’s training and recreational programs. This lease shall automatically terminate upon the issuance of the final certificate of occupancy under the 50-year land lease with the City of Fellsmere referenced above. The valuation of leasehold interest is adjusted in fiscal year 2019 to account for the expected certificate of occupancy on the Fellsmere building in December 2019.

The Club finalized the initial improvements of these leases, placed them in service, and has capitalized them as leasehold interests and donated facilities. The fair market value of the leases has been recorded in the accompanying financial statements as net assets with donor restrictions.

Amounts to be released are as follows:

Less than one year	\$ 31,308
One to five years	78,455
More than five years	560,493
	\$ 670,256

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 9 – Revolving Line of Credit

The Club obtained a revolving line of credit from Seacoast National Bank in the amount of \$100,000. As of June 30, 2019, the balance due on this line of credit is \$0. This line of credit carries interest at the bank's prime rate, adjusted as necessary for any minimum/maximum rate limitations, with an effective rate not to be less than 5.0%. The line of credit is payable on demand with a maturity date of February 26, 2024.

Note 10 – Lease Agreement

The Club leases four copiers under a 60-month capital lease with monthly payments of \$1,295 and a maturity date of December 5, 2022. Future principal lease payments due under this capital lease are as follows:

June 30, 2020	\$ 4,706
June 30, 2021	4,947
June 30, 2022	5,200
June 30, 2023	1,159
	<hr/>
	\$ 16,012

Note 11 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2019:

Fellsmere expansion campaign	\$ 905,000
Leasehold interests	670,256
Destinations program - Impact 100	100,000
	<hr/>
	\$ 1,675,256

Net assets released from donor restrictions during the fiscal year ended June 30, 2019 are as follows:

Fellsmere expansion campaign	\$ 794,589
Leasehold interests amortized	45,058
Music program	20,000
	<hr/>
	\$ 859,647

Note 12 – Net Assets Without Donor Restriction – Board Designated

Boys and Girls Club of Indian River County, Inc.

As of June 30, 2019, the Board of Directors has designated \$3,739,813 of net assets without donor restrictions for future capital expansion and club growth. Of this amount, \$250,000 is designated capital reserves and \$500,000 as operating reserves held by the Club. \$2,989,492 of net assets without donor restrictions is maintained by the Foundation as further described below.

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 12 –Net Assets Without Donor Restriction – Board Designated (continued)

Boys and Girls Club Foundation of Indian River County, Inc.

The Foundation consists of funds transferred by the Club's Board of Directors to function as quasi-endowment. Funds functioning as quasi-endowment are organization resources designated by the board as endowment and are invested for long-term appreciation and current income. These assets, however, remain available and may be spent at the board's discretion. Funds functioning as quasi-endowment are recorded as net assets without donor restriction.

To date, no funds have been received by the Club or the Foundation as donor-imposed endowment. Any funds that may be contributed by a donor-imposed endowment donation in the future would be classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In June 2011, Florida enacted the Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which was effective July 1, 2012, and adopted by the Foundation. The Board of Directors of the Foundation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation will classify as permanently restricted net assets (a) the original dollar value of gifts donated to the permanent endowment, (b) the original dollar value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of any donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the Organization's board.

In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Club and Foundation
- Current investment policies of the Foundation

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 or Foundation policies require to retain as a fund of perpetual duration. If this were to occur, the Foundation would not expend any monies from the fund until the fair market value of the fund returns to a level above the principal. The Foundation does not have any individual donor restricted endowment nor associated deficiencies as of June 30, 2019.

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 12 – Net Assets Without Donor Restriction – Board Designated (continued)

Return Objective and Risk Parameters

The Foundation has adopted a balanced growth investment approach seeking to protect the long term principal value of the quasi-endowment while providing long term real growth of the principal. The Foundation understands that actual returns in any given year may vary and that adoption of this objective does not assure achievement of any specific investment results.

Strategies Employed for Achieving Objectives

The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints with the asset mix to consist of 35%-75% equity instruments, 10%-55% fixed income securities, 0%-20% global real estate and commodities, and 0%-20% money market funds. The Foundation has preference for simple investment structures which will have lower cost, easier oversight, and less complexity for internal financial management. The Foundation has hired an investment manager to assist them in reaching these goals.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is authorized by the respective Boards of Directors of Boys and Girls Club of Indian River County, Inc. and Boys and Girls Club Foundation of Indian River County, Inc. Such policy is to consider expected rates of return on investments, restrictions on principal, requirements to support operations and special projects, maintenance of prudent reserves, tax code requirements, and allowances for market and economic uncertainties, as applicable. Transfers to operating accounts from the quasi-endowment funds earnings require appropriation by the Foundation's Board.

Changes in the board designated funds for the year ended June 30, 2019 are as follows:

	Club	Foundation	Total
Board-designated net assets at June 30, 2018	\$ 750,321	\$ 2,964,564	\$ 3,714,885
Contributions	-	-	-
Net investment activity	-	154,928	154,928
Appropriated for expenditure	-	(130,000)	(130,000)
Board-designated net assets at June 30, 2019	\$ 750,321	\$ 2,989,492	\$ 3,739,813

Note 13 – Contributed Services

The Club receives services from a number of volunteers who give significant amounts of their time to programs and fund-raising campaigns. These donated services are of a nonprofessional capacity and as such do not meet the criteria for financial statement recognition. Therefore, these services are not reflected in the financial statements.

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 14 – Employee Benefit Plans

The Club initiated a money purchase plan on January 1, 2010. Each employee working 30 hours or more per week is eligible to participate when they reach 21 years of age and have completed one year of service to the Club. Under the plan, the Club may make contributions equal to 5% of the employee's compensation for the year. Employees are 100% vested in employer contributions after six years of service. Contributions for the year ended June 30, 2019, were \$21,224.

The Club also maintains a 403(b) retirement plan whereby eligible employees can voluntarily contribute a percentage of their compensation up to the Elective Deferral Dollar Limit permitted under Code Section 415.

Note 15 – Fundraising Activities

The following is a summary of fundraising activities conducted during the year ending June 30, 2019:

	Income	Direct Expenses	Net Income
Angels dinner	\$ 266,050	\$ 76,155	\$ 189,895
Golf tournament	151,973	25,501	\$ 126,472
Easter Parade	40,456	17,532	\$ 22,924
Bridge	37,695	3,893	\$ 33,802
	<u>\$ 496,174</u>	<u>\$ 123,081</u>	<u>\$ 373,093</u>

Note 16 – Liquidity and Availability of Financial Assets

The Club has \$1,743,693 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include operating cash of \$1,618,281 and \$125,412 of grant receivables. An annual appropriation and transfer from the Foundation's investments to the Club for operations is expected to continue. The Club will additionally fund operating needs through program services income, contributions, and fundraising.

Note 17 - Subsequent Events

Management has evaluated subsequent events through October 10, 2019, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Boys & Girls Club of Indian River County, Inc.
Consolidating Statement of Financial Position
June 30, 2019

	Boys & Girls Club of Indian River County, Inc.	Boys & Girls Club Foundation of Indian River County, Inc.	Consolidated
Assets			
Current Assets			
Cash	\$ 1,605,945	12,336	\$ 1,618,281
Grants receivable	125,412	-	125,412
Pledges receivable (payable), net	906,350	-	906,350
Prepaid expenses	42,396	-	42,396
Interfund borrowings	(3,114)	3,114	-
Total Current Assets	2,676,989	15,450	2,692,439
Other Assets			
Investments	-	2,974,042	2,974,042
Construction in Progress	949,317	-	949,317
Leasehold interests	670,256	-	670,256
Property and equipment, net	5,622,101	-	5,622,101
Total Other Assets	7,241,674	2,974,042	10,215,716
	\$ 9,918,663	\$ 2,989,492	\$ 12,908,155
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued expenses	\$ 349,874	\$ -	\$ 349,874
Accrued wages and vacation pay	65,812	-	65,812
Deferred revenue	900	-	900
Capital lease obligation, current	4,706	-	4,706
Total Current Liabilities	421,292	-	421,292
Long-term Liabilities			
Capital lease obligation, less current portion	11,306	-	11,306
Total Long-term Liabilities	11,306	-	11,306
Net Assets			
Without donor restriction:			
Operating	7,060,488	-	7,060,488
Board designated	750,321	2,989,492	3,739,813
With donor restrictions	1,675,256	-	1,675,256
Total Net Assets	9,486,065	2,989,492	12,475,557
	\$ 9,918,663	\$ 2,989,492	\$ 12,908,155

Boys & Girls Club of Indian River County, Inc.
Consolidating Statement of Activities and Changes in Net Assets
Year ended June 30, 2019

	Boys & Girls Club of Indian River County, Inc.	Boys & Girls Club Foundation of Indian River County, Inc.	Consolidated
Revenues and other support			
Contributions	2,612,148	-	2,612,148
Grants	320,317	-	320,317
Fundraising events/projects	496,174	-	496,174
Net investment income	23,199	162,134	185,333
Program fees	247,007	-	247,007
Net assets released from restrictions through satisfaction of purpose	-	-	-
Total revenues and other support	3,698,845	162,134	3,860,979
Expenses			
Program services:			
Youth Programs - Athletics	164,675	-	164,675
Youth Programs - Destinations	131,601	-	131,601
Youth Programs - Fellsmere	408,059	-	408,059
Youth Programs - Sebastian	457,986	-	457,986
Youth Programs - Vero Beach	815,256	-	815,256
Total program services	1,977,577	-	1,977,577
Supporting services:			
Management and general	115,262	-	115,262
Fundraising	191,018	7,206	198,224
Total supporting services	306,280	7,206	313,486
Total expenses	2,283,857	7,206	2,291,063
Excess of revenues over expenses	1,414,988	154,928	1,569,916
Other non-operating items			
Contribution of leasehold interest	174,612	-	174,612
Reduction in leasehold interest	(410,810)	-	(410,810)
Total other non-operating items	(236,198)	-	(236,198)
Increase (decrease) in net assets	1,178,790	154,928	1,333,718
Net assets, beginning of year	8,177,275	2,964,564	11,141,839
Interfund transfers	130,000	(130,000)	-
Net assets, end of year	\$ 9,486,065	\$ 2,989,492	\$ 12,475,557