BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Years Ended June 30, 2019 and 2018

CONTENTS

Independent Auditors' Report

To the Board of Governors of
Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries
Scottsdale, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries (the Organization, a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Address • 9019 East Bahia Drive Suite 100 • Scottsdale, AZ 85260 | **Phone** • (602) 264-3077 | **Fax** • (602) 265-6241

Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the year ended December 31, 2019, Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires various presentation changes to not-for-profit financial statements. Our opinion is not modified with respect to this matter.

Other Matters

The consolidated financial statements of the Organization as of June 30, 2018, were audited by other auditors, whose report dated December 13, 2018, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as listed in the table of contents 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.

Fester & Chapman, PLLC

December 17, 2019

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 540,590	$ 469,543
Investments	16,937,494	15,761,400
Receivables, net	344,526	521,100
Interest receivable on investments	35,697	24,742
Pledges receivable, current portion	204,000	26,300
Prepaid expenses	52,924	32,816
Total current assets	18,115,231	16,835,901
Pledges receivable, noncurrent portion, net	644,289	
Investments, noncurrent portion	2,000,000	2,000,000
Split interest agreements	262,191	1,072,618
Property and equipment, net	14,400,189	14,816,975
Restricted cash		64,283
Total assets	$ 35,421,900	$ 34,789,777
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 566,801	$ 747,862
Other liabilities	410,939	249,513
Capital lease obligation, current portion	30,427	22,535
Notes payable, current portion	24,946	12,115
Line of credit	765,300	800,000
Present value of annuity payments, current portion	7,586	7,586
Total current liabilities	1,805,999	1,839,611
Capital lease obligation, net of current portion	66,466	103,866
Notes payable, net of current portion	99,830	71,043
Present value of annuity payments, net of current portion	67,058	70,425
Total liabilities	2,039,353	2,084,945
Net assets:		
Without donor restrictions	32,468,483	31,715,673
With donor restrictions	914,064	989,159
Total net assets	33,382,547	32,704,832
Total liabilities and net assets	$ 35,421,900	$ 34,789,777

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions, net	$ 2,163,518	$ 179,663	$ 2,343,181
Grants	1,964,799		1,964,799
Program service fees	3,203,431		3,203,431
Donated services, materials and facilities	579,999		579,999
Membership income	104,627		104,627
Thrift store	276,927		276,927
Miscellaneous	107,528		107,528
Total support and revenue	8,400,829	179,663	8,580,492
Other income:			
Investment income	327,581		327,581
Realized/unrealized gains on investments	483,158	18,004	501,162
Change in value of split interest agreements, net	33,217		33,217
Total other income	843,956	18,004	861,960
Total support, revenue and other income, before special events and net assets released from restrictions	9,244,785	197,667	9,442,452
Special events revenue	1,207,018		1,207,018
Less: costs of direct donor benefit	(304,684)		(304,684)
Gross profit from special events	902,334		902,334
Net assets released from restrictions	272,762	(272,762)	
Total support and revenue	10,419,881	(75,095)	10,344,786
Expenses:			
Comprehensive youth development	7,664,043		7,664,043
Management and general	926,555		926,555
Fundraising	1,076,473		1,076,473
Total expenses	9,667,071		9,667,071
Change in net assets	752,810	(75,095)	677,715
Net assets, beginning of year	31,715,673	989,159	32,704,832
Net assets, end of year	$ 32,468,483	$ 914,064	$ 33,382,547

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions, net	$ 243,927	$ 2,289,711	$ 2,533,638
Bequests	292,850		292,850
Grants	1,814,036		1,814,036
Program service fees	3,074,260		3,074,260
Donated services, materials and facilities	302,862		302,862
Membership income	104,580		104,580
Thrift store	243,288		243,288
Miscellaneous	114,687		114,687
Total support and revenue	6,190,490	2,289,711	8,480,201
Other income:			
Investment income	277,436		277,436
Realized/unrealized gains on investments	729,042	48,909	777,951
Change in value of split interest agreements, net	92,461		92,461
Total other income	1,098,939	48,909	1,147,848
Total support, revenue and other income, before special events and net assets released from restrictions	7,289,429	2,338,620	9,628,049
Special events revenue	1,256,799		1,256,799
Less: costs of direct donor benefit	(393,417)		(393,417)
Gross profit from special events	863,382		863,382
Net assets released from restrictions	3,869,282	(3,869,282)	
Total support and revenue	12,022,093	(1,530,662)	10,491,431
Expenses:			
Comprehensive youth development	7,677,849		7,677,849
Management and general	1,096,343		1,096,343
Fundraising	1,174,293		1,174,293
Total expenses	9,948,485		9,948,485
Change in net assets	2,073,608	(1,530,662)	542,946
Net assets, beginning of year	29,642,065	2,519,821	32,161,886
Net assets, end of year	$ 31,715,673	$ 989,159	$ 32,704,832

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services	Supporting Services		
	Comprehensive Youth Development	Management and General	Fundraising	Total
Salaries	$ 3,664,727	$ 445,514	$ 512,120	$ 4,622,361
Employee benefits	409,038	51,248	100,261	560,547
Payroll taxes	340,606	33,131	38,635	412,372
Contracted professional services	324,337	146,618	16,211	487,166
Occupancy	466,776	39,755	30,889	537,420
Contracted services/leases	378,378	28,224	19,176	425,778
Office supplies	16,340	8,817	2,480	27,637
Computer equipment services	41,687	2,577	4,303	48,567
Postage and shipping	3,471	2,327	4,259	10,057
Printing and promotions	6,805	916	26,713	34,434
Program supplies	746,427			746,427
Program awards and scholarships	34,421	51	57	34,529
Meetings and conferences	12,122	22,834	29,529	64,485
Travel	13,742	7,854	8,486	30,082
Local transportation	104,341	463	144	104,948
Dues, fees, and subscriptions	52,575	26,506	26,815	105,896
Insurance	129,388	16,367	6,454	152,209
Banking and merchant fees	40,276	21,936	14,345	76,557
Interest	16,954	27,025	528	44,507
Donated services and materials	43,483	7,850	234,649	285,982
Bad debts	81,979			81,979
Miscellaneous	16,224	15,773	9	32,006
Depreciation and amortization	719,946	20,769	410	741,125
Total expenses	$ 7,664,043	$ 926,555	$ 1,076,473	$ 9,667,071

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services	Supporting Services		
	Comprehensive Youth Development	Management and General	Fundraising	Total
Salaries	$ 3,516,258	$ 438,181	$ 663,568	$ 4,618,007
Employee benefits	396,503	57,591	129,291	583,385
Payroll taxes	324,298	34,810	47,746	406,854
Contracted professional services	315,186	159,767	23,180	498,133
Occupancy	471,065	36,775	29,444	537,284
Contracted services/leases	390,785	24,511	9,379	424,675
Office supplies	18,873	10,051	9,078	38,002
Computer equipment services	113,711	3,218	3,307	120,236
Postage and shipping	3,695	731	5,005	9,431
Printing and promotions	11,485	6,997	23,695	42,177
Program supplies	844,501			844,501
Program awards and scholarships	70,363	995	28	71,386
Meetings and conferences	21,660	97,509	43,814	162,983
Travel	16,461	22,044	6,769	45,274
Local transportation	82,840	5,177	713	88,730
Dues, fees, and subscriptions	59,530	24,433	28,271	112,234
Insurance	122,965	15,211	3,726	141,902
Banking and merchant fees	34,084	24,295	22,804	81,183
Interest	3,134	8,172		11,306
Donated services and materials	134,488	43,361	118,023	295,872
Bad debts	45,371			45,371
Miscellaneous	4,009	6,638	292	10,939
Depreciation and amortization	676,584	75,876	6,160	758,620
Total expenses	$ 7,677,849	$ 1,096,343	$ 1,174,293	$ 9,948,485

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30,

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 677,715	$ 542,946
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Provision for bad debts	81,979	45,371
Depreciation and amortization	741,125	758,620
Net gains on investments	(474,561)	(777,951)
Change in value of split interest agreements	810,427	(92,461)
Contributions of property and equipment	(295,137)	(20,550)
Contributions of split interest agreements		(100,000)
Changes in assets and liabilities:		
Receivables	94,595	(292,201)
Interest receivable	(10,955)	12,754
Pledges receivable, net	(821,989)	2,200
Prepaid expenses	(20,108)	(24,808)
Accounts payable and accrued liabilities	(181,061)	(6,627)
Other liabilities	161,426	39,469
Present value of annuity payments	(3,367)	(157,306)
Net cash provided (used) by operating activities	760,089	(70,544)
Cash flows from investing activities:		
Purchases of property and equipment	(29,202)	(3,259,096)
Purchases of investments	(1,463,000)	(1,030,088)
Proceeds from sales of investments	761,467	1,833,104
Net withdrawals of restricted cash	64,283	1,491,118
Net cash used by investing activities	(666,452)	(964,962)
Cash flows from financing activities:		
Payments of capital lease obligations	(29,508)	(25,599)
Proceeds from line of credit		800,000
Net payments on line of credit	(34,700)	
Proceeds from notes payable	62,000	
Payments on notes payable	(20,382)	(11,700)
Net cash (used) provided by financing activities	(22,590)	762,701
Net increase/(decrease) in cash	71,047	(272,805)
Cash, beginning of year	469,543	742,348
Cash, end of year	$ 540,590	$ 469,543
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 44,507	$ 11,306
Supplemental disclosure of noncash investing and financing transactions:		
Assets acquired through capital lease	$ 0	$ 152,000
Transfer of split-interest agreement funds to investments	$ 843,644	$ 0

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Boys and Girls Club of Greater Scottsdale, Inc. (the Clubs) is an Arizona Corporation formed in June 1954 to promote the physical, mental, and moral well-being of boys and girls by providing education, recreation, and guidance. On December 22, 2011, the Clubs formed Boys and Girls Clubs of Greater Scottsdale Youth, LLC, with the Clubs as the sole member, which was formed to hold certain club assets in order to qualify for the working poor tax credit. On January 5, 2018, the Clubs formed Boys and Girls Clubs of Greater Scottsdale Foster Children, LLC with the Clubs as the sole member, which was formed to hold certain club assets in order to be a qualifying foster care charitable organization and receive Arizona tax credit contributions. The Clubs operate several facilities in Scottsdale: the Virginia G. Piper Branch, the Hartley and Ruth Barker Branch, the Thunderbirds Branch, Charros Branch, the Vester Branch in Phoenix, and the McKee Branch in Fountain Hills. The Clubs are also involved in the Red Mountain and Lehi facilities in conjunction with the Salt River Pima-Maricopa Indian Community and the Peach Springs Branch in conjunction with the Hualapai tribal community. The Clubs serve approximately 18,900 boys and girls including approximately 10,200 in their after school and summer day camp programs. The Clubs also operate a thrift store in Scottsdale for fundraising purposes.

Boys and Girls Clubs of Greater Scottsdale Foundation (the Foundation) was incorporated in January 1994 with the Clubs as the sole member of the Foundation. The Foundation was organized to manage investment funds, with the income to be used for the benefit of the Clubs. On December 28, 2017, the Foundation formed BGCGSF Apache Holdings, LLC with the Foundation as the sole member, which was formed to hold title to contributed land.

The significant policies followed by the Clubs, the Foundation, and wholly-owned subsidiaries (collectively referred to herein as the Organization) are as follows:

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Boys and Girls Club of Greater Scottsdale, Inc.; Boys and Girls Club of Greater Scottsdale Youth, LLC; Boys and Girls Clubs of Greater Scottsdale Foster Children, LLC; BGCGSF Apache Holdings, LLC; and Boys and Girls Clubs of Greater Scottsdale Foundation. All of the financial activities and balances of these organizations are included in these consolidated financial statements. All significant interorganization accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, requiring the Organization to report information regarding its financial position and activities according into two classes of net assets: without donor restrictions and with donor restrictions.

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the restricted stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as net assets without donor restrictions.

Use of Estimates in the Preparation of Consolidated Financial Statements

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

Cash and Cash Equivalents

Cash and cash equivalents may, at times, include cash equivalents, which consist of highly liquid investments with original maturities of three months of less when acquired.

Receivables

Receivables consist primarily of amounts due from various agencies and individuals and are unsecured. Accounts receivable are stated at the amount management expects to collect. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management provides for probable, uncollectible amounts through a charge to operations and a credit to a valuation allowance based on the assessment of the current status of individual balances. Management reviews all accounts receivable balances monthly and based on an assessment of creditworthiness, and estimates the portion, if any, of the balances that will not be collected. The Organization considers all receivables past due over 90 days to be delinquent. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a decrease to accounts receivable. The carrying value of receivables is reduced by a valuation allowance of $25,000 and $0 at June 30, 2019 and 2018, respectively, that reflects management's best estimate of amounts that will not be collected.

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Monies received pursuant to conditional promises are reflected as deferred revenue. Unconditional promises to give that are to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates as determined by management, applicable to the years in which the promises are received. Amortization of the discounts is included in contribution support. The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bequests
Bequests are recognized as contribution revenue in the period the Foundation receives notification the court has found the will of the donor's estate to be valid and all conditions have been substantially met.

Special Events Revenue
The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits. All proceeds received in excess of the direct donor benefits are recorded as gross profit from special events in the accompanying consolidated statements of activities.

Grants
The Organization receives various grants from different sources to perform specific services. The Organization recognizes revenue from these grants as services are provided. Deferred revenues are recorded when cash advances exceed amounts earned, if any.

Investments
Investments, consisting primarily of equities and mutual funds with readily determinable market values are measured at fair value as of year-end in the consolidated statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) are recognized in the consolidated statements of activities.

Property and Equipment
Purchased property and equipment are initially recorded at cost, and donated property and equipment are recorded at fair value at the date of the gift to the Organization. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Maintenance and repairs are charged to operations when incurred. The Organization depreciates its property and equipment over the estimated useful lives of the assets using the straight-line method as follows:

Buildings and building improvements	5-40 years
Leasehold improvements	Lesser of the estimated useful life or remaining lease term
Furniture and equipment	2-10 years
Vehicles	5 years
Assets held under capital lease obligations	Lesser of the estimated useful life or remaining lease term

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are reported in accordance with the FASB ASC subtopic of *Revenue Recognition for Not-for-Profit Entities*. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor 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 restrictions and reported in the statement of activities as net assets released from restrictions.

Program Service Fees

The Organization records revenues from program service fees over the applicable membership period. The unearned portion of the program service fees is recorded in other liabilities at June 30, 2019 and 2018, in the accompanying consolidated statements of financial position.

Donated Services and Material

Donated materials are recognized as contributions if the services (a) create or enhance nonfinancial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization utilizes the services of volunteers to perform a variety of tasks that assist the Organization with specific programs. This support has not been recorded, as it does not meet the recognition criteria; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and fundraising campaigns. During 2019 and 2018, the Organization received the following donations:

	Used for:	2019	2018
Services and materials	Programs	$ 284,862	$ 282,312
Property and equipment	Programs	295,137	20,550
Total		$ 579,999	$ 302,862

Functional Expenses

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

Income Tax Status

The Clubs and Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code), and accordingly, there is no provision for income taxes in the accompanying consolidated financial statements. In addition, the Clubs and Foundation qualify for the charitable contribution deduction under Section 170 of the Code and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income (UBTI) would be taxable. The Organization's wholly-owned LLCs are considered disregarded entities for income tax purposes.

Market Risk

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Organization's cash and cash equivalents and investments on deposit at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC), or covered under the Securities Investor Protection Corporation (SIPC). Balances may at times exceed insured amounts; however, the Organization manages the concentration of credit risk by maintaining deposits in multiple financial institutions.

Reclassifications

Certain items in the prior year consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on total assets or changes in net assets as previously reported.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (See Note 2).

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of its fiscal year end to fund expenses without limitations:

	2019	2018
Financial assets included in current assets:		
Cash and cash equivalents	$ 540,590	$ 469,543
Investments	16,937,494	15,761,400
Receivables	344,526	521,100
Interest receivable on investments	35,697	24,742
Pledges receivable, current portion, net	204,000	26,300
Total financial assets	18,062,307	16,803,085
Less amounts unavailable for general expenditure within one year:		
Donor restricted for purpose or time	(660,946)	(756,545)
Donor restricted in perpetuity	(253,118)	(232,614)
Total donor restricted amounts	(914,064)	(989,159)
Total financial assets available to meet cash needs for general expenditures within one year	$ 17,148,243	$ 15,813,926

NOTE 2 - LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, and other revenues; by utilizing donor-restricted resources from current and prior years gifts; and by appropriating the investment return on its donor-restricted endowments, as needed. The Organization also has lines of credit available to cover operating expenditures (See Note 7).

NOTE 3 - PLEDGES RECEIVABLE, NET

The Organization's pledges receivable consisted of the following at June 30:

	2019	2018
Due within one year	$ 204,000	$ 26,300
Due within two to five years	575,000	
Due in more than five years	375,000	
	1,154,000	26,300
Discount to adjust to net present value	(202,693)	
Allowance for doubtful pledges	(103,018)	
Total pledges receivable, net	$ 848,289	$ 26,300

Pledges receivable due in more than one year are discounted at 5.0% in the year that the unconditional promise to give is made to the Organization. At June 30, 2019, 85% of the Organization's pledges receivable was due from one donor.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions. At June 30, 2019 and 2018 the Organization did not have any financial instruments based on Level 3 inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following were the fair value of assets measured at fair value on a recurring basis at June 30, 2019:

	Total	Level 1	Level 2
Investments:			
Mutual funds:			
Intermediate duration - fixed income	$ 953,518	$ 953,518	
International equities	3,912,981	3,912,981	
Large cap	5,675,197	5,675,197	
Mid cap	1,326,058	1,326,058	
Small cap	488,344	488,344	
Alternative assets:			
Hedge funds	305,372	305,372	
Real estate and infrastructure	325,267	325,267	
Hard assets	323,419	323,419	
Private equity instruments	137,798		$ 137,798
Debt securities:			
Corporate bonds	2,404,839		2,404,839
Government and agency bonds	1,217,672		1,217,672
International bonds	256,242		256,242
Mortgage and asset backed bonds	959,022		959,022
Other	29,200		29,200
Cash	622,565	622,565	
Total investments	$ 18,937,494	$ 13,932,721	$ 5,004,773

	Total	Level 1	Level 2
Split-interest agreements:			
Mutual funds:			
Intermediate duration - fixed income	$ 90,015	$ 90,015	
International equities	48,417	48,417	
Large cap	96,903	96,903	
Mid cap	17,900	17,900	
Small cap	6,998	6,998	
Cash	1,958	1,958	
Total split-interest agreements	$ 262,191	$ 262,191	$

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the nature and risk of the private equity instruments included in investments as of June 30, 2019:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnership interest	$ 137,798	$	Monthly	15 Days

The following were the fair value of assets measured at fair value on a recurring basis at June 30, 2018:

	Total	Level 1	Level 2
Investments:			
Mutual funds:			
Intermediate duration - fixed income	$ 3,310,178	$ 3,310,178	
International equities	2,714,892	2,714,892	
Large cap	5,968,865	5,968,865	
Mid cap	1,306,524	1,306,524	
Small cap	863,165	863,165	
Private equity instruments	121,562		$ 121,562
Debt securities:			
Corporate bonds	611,944		611,944
Government and agency bonds	1,244,660		1,244,660
International bonds	180,075		180,075
Mortgage and asset backed bonds	1,042,721		1,042,721
Other	25,443		25,443
Cash	371,371	371,371	
Total investments	$ 17,761,400	$ 14,534,995	$ 3,226,405

	Total	Level 1	Level 2
Split-interest agreements:			
Mutual funds:			
Intermediate duration - fixed income	$ 393,139	$ 393,139	
International equities	165,418	165,418	
Large cap	360,641	360,641	
Mid cap	78,595	78,595	
Small cap	50,914	50,914	
Cash	23,911	23,911	
Total split-interest agreements	$ 1,072,618	$ 1,072,618	$

The following table summarizes the nature and risk of the private equity instruments included in investments as of June 30, 2018:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnership interest	$ 121,562	$	Monthly	15 Days

NOTE 4 - INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The investment in the limited partnership interest was made in February 2012, and the value is based on the net asset value of the limited partnership as reported by the general partner. The investment strategy of the limited partnership seeks to achieve a total return in excess of the comparable return of the Merrill Lynch High Yield Master II Index through investments in primarily reinvestment grade bonds of corporate entities that First Western Capital Management Company, a Colorado corporation (First Western) and the Partnership's general partner (the General Partner), believes have satisfactory fundamentals with strong industry economic trends or are within weak economic sectors that appear to have reasonably sound or improving credit characteristics. The General Partner may authorize Distributions to Partners at such times and in such amounts as the General Partner may in its discretion determine. In addition, upon giving 15 days' advance written notice to the General Partner, a Limited Partner may withdraw any portion (but less than all) of his Capital Account (excluding such Partner's allocable share of any unrealized gains and/or other unrealized appreciation), effective as of the last day of any calendar month. The General Partner may withhold from any distribution to a withdrawing Limited Partner a reserve to pay for contingent liabilities arising from events occurring during the period of time in which a withdrawing Limited Partner is a Partner in the Partnership, which reserve, or any remaining balance thereof, shall be paid to such withdrawing Limited Partner without interest upon the General Partner's determination that such reserve (or such remaining balance) is no longer required. No distribution shall be made that would have the effect of rendering the Partnership insolvent.

NOTE 5 - SPLIT INTEREST AGREEMENTS

At June 30, 2019 and 2018, the Organization administered seven and fifteen charitable gift annuities, respectively. The assets contributed under the charitable gift annuities are carried at fair value. The gift annuities totaled $262,191 and $1,072,618 at June 30, 2019 and 2018, respectively, and are reported within their fair value hierarchy in Note 4. Contribution revenues are recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Present values are calculated using discount rates that reflect the fair value as determined at the time the annuities are established and range from 4.4% to 6.1%, and actuarial tables and guidelines used for calculating the available deduction for income tax purposes. The liabilities are adjusted for the accretion of the discount and other changes in the estimates of future benefits. The present value of the estimated annuity payment liability associated with the charitable gift annuities was $74,644 and $78,011 at June 30, 2019 and 2018, respectively.

The changes in split interest agreements for the years ended June 30, are as follows:

	2019	2018
Balance, beginning of year	$ 1,072,618	$ 880,157
Contributions		100,000
Net appreciation	33,217	92,461
Withdrawals	(843,644)	
Balance, end of year	$ 262,191	$ 1,072,618

NOTE 6 - PROPERTY AND EQUIPMENT, NET

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

	2019	2018
Land	$ 1,143,074	$ 1,143,074
Buildings and building improvements	19,624,972	19,600,481
Leasehold improvements	149,850	141,371
Furniture and equipment	2,010,858	1,947,232
Vehicles	1,460,630	1,232,887
Assets held under capital lease obligation	152,000	152,000
Use of land	56,972	56,972
	24,598,356	24,274,017
Accumulated depreciation and amortization	(10,198,167)	(9,457,042)
Property and equipment, net	$ 14,400,189	$ 14,816,975

Depreciation and amortization expense charged to operations was $741,125 and $758,620, for the years ended June 30, 2019 and 2018, respectively.

NOTE 7 - LINES OF CREDIT

The Organization has a line of credit with a bank with an available limit of $300,000. The line of credit does not have a maturity date and is due on demand. Interest is payable monthly at 0.35% above Prime Rate (5.60% at June 30, 2019 and 5.35% at June 30, 2018). At June 30, 2019 the Organization had an outstanding balance of $100,000 on the line of credit. There was no amount outstanding under the line of credit at June 30, 2018. Interest expense incurred for the line of credit was $1,951 and $2,514, for the years ended June 30, 2019 and 2018, respectively.

In May 2018, the Organization entered into a line of credit with a bank with an available limit of $2,000,000. The line of credit, which was renewed on May 7, 2019 and matures June 30, 2020, can be canceled at any time by the bank. The line of credit is secured by deposits and equity investments held by the Organization. Interest is payable monthly at the Variable LIBOR Rate plus 1.90% (4.25% and 4.05% at June 30, 2019 and 2018, respectively). $665,300 and $800,000 was outstanding on the line of credit at June 30, 2019 and 2018, respectively. Interest expense incurred for the line of credit was $31,909 and $1,695, for the years ended June 30, 2019 and 2018, respectively.

NOTE 8 - NOTES PAYABLE

Notes payable consisted of the following as of June 30:

	2019	2018
$62,000 unsecured note payable to the City of Scottsdale for its share of a roof repair on the Colorado Community Center, due in 60 monthly principal and interest payments of $1,033, including interest at 3.5%, maturing in December 2023.	$ 53,733	
$125,000 unsecured note payable to the City of Scottsdale for the replacement of an HVAC system, due in 120 monthly principal and interest payments of $1,236, including interest at 3.5%, maturing in August 2024.	71,043	$ 83,158
	124,776	83,158
Less current maturities	(24,946)	(12,115)
	$ 99,830	$ 71,043

Future maturities of long-term debt are as follows for the years ending June 30:

2020	$ 24,946
2021	25,393
2022	25,854
2023	26,333
2024	18,563
Thereafter	3,687
Total future maturities	$ 124,776

Interest expense incurred for long-term debt was $4,079 and $3,134 for the years ended June 30, 2019 and 2018, respectively.

NOTE 9 - CAPITAL LEASE

Effective August 2017, the Organization entered into a five year, noncancelable, capital lease agreement for copiers, which expires in July 2022. The lease requires monthly payments of $2,748 at an effective interest rate of 3.07% totaling $164,880 over the five-year period. The leased equipment had a cost of $152,000 and accumulated depreciation of $60,800 as of June 30, 2019. Interest expense incurred for the capital lease was $3,468 and $3,963 for the years ended June 30, 2019 and 2018, respectively.

NOTE 9 - CAPITAL LEASE (CONTINUED)

The future minimum lease payments and capital lease obligations under the capital lease are as follows:

Years ending June 30:		
2020	$	32,976
2021		32,976
2022		32,976
2023		2,748
		101,676
Less: amount representing interest		(4,783)
Present value of net minimum lease payments	$	96,893

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following at June 30:

		2019		2018
Undesignated	$	30,468,483	$	29,715,673
Board designated for long-term investments		2,000,000		2,000,000
Total net assets without donor restrictions	$	32,468,483	$	31,715,673

The By-laws of the Foundation designated $2,000,000 of the net assets without donor restrictions to be used as an endowment. The designated amount is only to be used for investment purposes, the income of which is for the benefit of the Organization. The amount can be changed only by a two-thirds vote of the Board of Trustees of the Foundation.

During 2010, the Investment Committee developed a policy for the Foundation's charitable gift annuity program whereby an initial $100,000 was self-funded to help commence the program. Additional annuities without donor restrictions received are also designated by the Board to the annuity program.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

		2019		2018
Purpose restrictions:				
Back to school shopping	$	134,135	$	152,094
Hualapai Club operation		309,923		289,961
Capital campaign				64,283
Scholarship funds		102,632		46,858
Programs - other		85,256		172,799
Time restrictions:				
United Way		29,000		30,550
Endowments		253,118		232,614
Total net assets with donor restrictions	$	914,064	$	989,159

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets of $272,762 and $3,869,282, were released from restrictions during the years ended June 30, 2019 and 2018, respectively, related to the fulfillment of program and time restrictions.

NOTE 12 - ENDOWMENTS

The Organization's endowments consists of one board designated fund and one individual donor-restricted fund. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. In September 2008, the State of Arizona enacted ARS§ 10-1180 et seq Management of Charitable Funds Act (MCFA).

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors, and the donor's intent that the fund continue in perpetuity.

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

In accordance with MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Organization's other resources, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that consists of equity-based investments, corporate and municipal bonds, and money market accounts.

The Organization's annual appropriations are at the discretion of the Organization's Board of Governors unless specific instructions are provided by the endowment donors.

NOTE 12 - ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board restricted	$ 2,000,000		$ 2,000,000
Donor-restricted		$ 253,118	253,118
Total	$ 2,000,000	$ 253,118	$ 2,253,118

The changes in endowment net assets for the year ended June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	$ 2,000,000	$ 232,614	$ 2,232,614
Contributions		15,000	15,000
Released from restrictions		(12,500)	(12,500)
Interest and dividends	36,658		36,658
Net appreciation/(depreciation)	52,205	18,004	70,209
Appropriation of assets for expenditure	(88,863)		(88,863)
Endowment net assets - end of year	$ 2,000,000	$ 253,118	$ 2,253,118

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board restricted	$ 2,000,000		$ 2,000,000
Donor-restricted		$ 232,614	232,614
Total	$ 2,000,000	$ 232,614	$ 2,232,614

The changes in endowment net assets for the year ended June 30, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	$ 2,000,000	$ 191,205	$ 2,191,205
Contributions		10,000	10,000
Released from restrictions		(17,500)	(17,500)
Interest and dividends	37,492		37,492
Net appreciation/(depreciation)	21,041	48,909	69,950
Appropriation of assets for expenditure	(58,533)		(58,533)
Endowment net assets - end of year	$ 2,000,000	$ 232,614	$ 2,232,614

NOTE 12 - ENDOWMENTS (CONTINUED)

The nature of these restrictions are as follows at June 30:

	2019	2018
The portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or MCFA	$ 202,712	$ 192,712
Subject to time restrictions under MCFA	50,406	39,902
Total donor restricted endowments	$ 253,118	$ 232,614

NOTE 13 - OPERATING LEASES

The Organization leases property and certain office equipment under noncancelable operating leases expiring through December 2023. The minimum future rental and maintenance fee commitments under these noncancelable operating leases (which excludes the contributed value) are as follows for the years ending June 30:

2020	$ 82,792
2021	8,001
2022	2,178
2023	1,089
Total minimum future rental payments	$ 94,060

Total rental expense under all leases with a term in excess of one year totaled $117,711 and $94,726 for the years ended June 30, 2019 and 2018, respectively. Certain leases do not contain renewal options; however, in the normal course of business, the Organization will either renew the leases or seek new arrangements.

The Organization also leases the land for four locations, the Virginia Piper and Administrative Center, Barker and Thunderbird branches from the City of Scottsdale with an additional lease for the McKee branch from the Town of Fountain Hills. The leases require payments $1 each per year and expire in April 2038, July 2022, August 2050, and February 2052, respectively. Certain of the land leases contain an option to renew for an additional term. At inception of each agreement, the Organization was required to construct new or refurbish existing buildings at the sole cost and expense of the Organization. Upon termination of the lease, all property constructed or improvements made by the Organization reverts to each lessor at no cost to the lessor.

The leases also included specific provisions granting the lessor access to and use of the constructed facilities at no cost to the lessor. The leases specifically contemplate the shared use of the facilities in exchange for the nominal cash rent payments. Based on the terms of the lease, the Organization is required to perform annually under the agreements. The Organization has recorded the fair value ascribed to the use of land over the term of the leases in the accompanying consolidated financial statements (See Note 6).

NOTE 14 - DEFINED CONTRIBUTION PLAN

The Organization sponsors a 401(k) plan (the Plan) covering substantially all employees who have completed 12 months of service and are age 21 or older. The Organization matches employee contributions at a rate of 100% up to 3% of their pay. The Organization contributed $60,008 and $88,393, for the years ended June 30, 2019 and 2018, respectively, to the Plan.

NOTE 15 - CONTINGENCIES

The Organization is subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of the claims cannot be predicted with certainty, management does not believe that the outcome of any of these matters will have a material adverse effect on the Organization' financial position, results of operations or cash flows.

The Clubs and the City of Scottsdale (the City) were in a dispute regarding certain capital improvement costs incurred by the City during 2009/2010 on a branch property leased by the Clubs from the City. The Clubs and the City reached an agreement that the Clubs will pay $175,000, based on a ten-year payment schedule. Of this amount, $125,000 was recorded as long-term debt by the Clubs. The balance outstanding on the long-term debt was $71,043 and $83,158 at June 30, 2019 and 2018, respectively (See Note 8).

The Clubs are currently named as a defendant in a lawsuit resulting from an incident occurring in fiscal year 2017. While the Clubs are currently contesting liability, it is reasonably possible that the range of loss related to this matter could be from $0 to $250,000, which is expected to be covered by general liability insurance.

NOTE 16 - RELATED PARTY TRANSACTIONS

The Organization received revenues from their national affiliate, The Boys and Girls Club of America, of approximately $43,583 and $80,250 during the years ended June 30, 2019 and 2018, respectively, which are included in contributions in the accompanying consolidated statements of activities.

The Organization paid dues to their national affiliate, The Boys and Girls Club of America, which totaled $25,741and $25,807 during the years ended June 30, 2019 and 2018, respectively.

NOTE 17 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 17, 2019, the date the Organization's financial statements were issued, and has concluded that no events have occurred since the year ended June 30, 2019, that would require and adjustment to, or disclosure in, the financial statements.

SUPPLEMENTARY INFORMATION

Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2019

	Clubs and Subsidiary	Foundation	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 522,881	$ 17,709		$ 540,590
Investments		16,937,494		16,937,494
Receivables, net	369,609		$ (25,083)	344,526
Due from related party		665,300	(665,300)	
Interest receivable on investments		35,697		35,697
Pledges receivable, current portion	202,000	2,000		204,000
Prepaid expenses	52,924			52,924
Total current assets	1,147,414	17,658,200	(690,383)	18,115,231
Pledges receivable, noncurrent portion, net	644,289			644,289
Investments, noncurrent portion		2,000,000		2,000,000
Split interest agreements		262,191		262,191
Property and equipment, net	14,391,189	9,000		14,400,189
Total assets	$ 16,182,892	$ 19,929,391	$ (690,383)	$ 35,421,900
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued liabilities	$ 562,554	$ 29,330	$ (25,083)	$ 566,801
Due to related party	665,300		(665,300)	
Other liabilities	410,939			410,939
Capital lease obligation, current portion	30,427			30,427
Notes payable, current portion	24,946			24,946
Line of credit	100,000	665,300		765,300
Present value of annuity payments, current portion		7,586		7,586
Total current liabilities	1,794,166	702,216	(690,383)	1,805,999
Capital lease obligation, net of current portion	66,466			66,466
Notes payable, net of current portion	99,830			99,830
Present value of annuity payments, net of current portion		67,058		67,058
Total liabilities	1,960,462	769,274	(690,383)	2,039,353
Net assets:				
Without donor restrictions:	13,561,484	18,906,999		32,468,483
With donor restrictions	660,946	253,118		914,064
Total net assets	14,222,430	19,160,117		33,382,547
Total liabilities and net assets	$ 16,182,892	$ 19,929,391	$ (690,383)	$ 35,421,900

The accompanying notes are an integral part of these statements.

Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Clubs and Subsidiary	Foundation	Eliminations	Total
Support and revenue				
Contributions, net	$ 2,833,367	$ 42,670	$ (532,856)	$ 2,343,181
Grants	1,964,799			1,964,799
Program service fees	3,203,431			3,203,431
Donated services, materials and facilities	579,999			579,999
Membership income	104,627			104,627
Thrift store	276,927			276,927
Miscellaneous	107,528			107,528
Total support and revenue	9,070,678	42,670	(532,856)	8,090,306
Other income:				
Investment income		359,490	(31,909)	327,581
Realized/Unrealized gains on investments		501,162		501,162
Change in value of split interest agreements, net		33,217		33,217
Total other income		893,869	(31,909)	1,723,920
Total support, revenue and other income, before special events and net assets released from restrictions	9,070,678	936,539	(564,765)	9,442,452
Special events revenue	1,207,018			1,207,018
Less: costs of direct donor benefit	(304,684)			(304,684)
Gross profit from special events	902,334			902,334
Total support and revenue	9,973,012	936,539	(564,765)	10,344,786
Expenses:				
Comprehensive youth development	7,627,098	601,710	(564,765)	7,664,043
Management and general	854,780	71,775		926,555
Fundraising	872,950	203,523		1,076,473
Total expenses	9,354,828	877,008	(564,765)	9,667,071
Change in net assets	618,184	59,531		677,715
Net assets, beginning of year	13,604,246	19,100,586		32,704,832
Net assets, end of year	$ 14,222,430	$ 19,160,117	$	$ 33,382,547

The accompanying notes are an integral part of these statements.