

BOYS AND GIRLS CLUB OF CYPRESS

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Boys & Girls Club of Cypress,

We have audited the accompanying consolidated financial statements of the Boys & Girls Club of Cypress (a nonprofit organization) which comprise the consolidated financial statement of financial position as of December 31, 2013 and the related consolidated statements of activities and changes in net assets, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 evaluation the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Cypress as of December 31, 2013, and its consolidated changes in net assets, functional expense, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Guzman & Gray CPAs
September 29, 2014

BOYS AND GIRLS CLUB OF CYPRESS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

	Total
CURRENT ASSETS	
Cash and cash equivalents	\$ 209,288
Accounts Receivable	11,023
Grants Receivable	9,635
Prepaid Expenses	7,625
TOTAL CURRENT ASSETS	237,571
PROPERTY AND EQUIPMENT, NET	17,923
OTHER ASSETS	
Deposits	20,000
TOTAL OTHER ASSETS	20,000
TOTAL ASSETS	\$ 275,494

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 7,792
Accrued liabilities	23,021
TOTAL CURRENT LIABILITIES	30,813
TOTAL LIABILITIES	30,813
NET ASSETS	
Unrestricted	244,681
TOTAL NET ASSETS	244,681
TOTAL LIABILITIES AND NET ASSETS	\$ 275,494

See Independent Auditors' Report and Notes to Financial Statements

BOYS AND GIRLS CLUB OF CYPRESS
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT			
Contributions	\$ 34,736		\$ 34,736
Grants	227,355		227,355
In-kind revenue	128,186		128,186
Special events, net of direct donor benefits (\$18,512)	64,578		64,578
TOTAL SUPPORT	454,855		454,855
REVENUE			
Program service	413,513		413,513
Membership dues	38,996		38,996
Other income	577		577
TOTAL REVENUE	453,086		453,086
NET ASSETS RELEASED FROM RESTRICTIONS	8,353	\$ (8,353)	-
TOTAL PUBLIC SUPPORT AND REVENUE	916,294	(8,353)	907,941
EXPENSES			
Program services	801,915		801,915
Management and administration	109,359		109,359
Fundraising	13,019		13,019
TOTAL EXPENSES	924,293		924,293
CHANGE IN NET ASSETS	(7,999)	(8,353)	(16,352)
BEGINNING NET ASSETS	252,680	8,353	261,033
ENDING NET ASSETS	\$ 244,681	\$ -	\$ 244,681

See Independent Auditors' Report and Notes to Financial Statements

BOYS AND GIRLS CLUB OF CYPRESS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (16,352)
Adjustments to reconcile increase or decrease in net assets to net cash provided by operating activities	
Depreciation	9,098
Change in assets and liabilities	
(Increase) decrease in accounts receivable	16,408
(Increase) decrease in grants receivable	11,218
(Increase) decrease in deposits	-
(Increase) decrease in prepaids	(1,458)
Increase (decrease) in accounts payable	4,930
Increase (decrease) in accrued liabilities	23,021
NET CASH PROVIDED BY OPERATING ACTIVITIES	46,865
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Vehicles	(9,500)
NET CASH (USED) BY INVESTING ACTIVITIES	(9,500)
NET INCREASE (DECREASE) IN CASH	37,365
CASH AT BEGINNING OF YEAR	171,923
CASH AT END OF YEAR	\$ 209,288
SUPPLEMENTAL DISCLOSURE	
INTEREST PAID	NONE
TAXES PAID	NONE

See Independent Auditors' Report and Notes to Financial Statements

BOYS AND GIRLS CLUB OF CYPRESS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	Management and Administration	Fundraising	Total
Salaries & wages expense	\$ 465,138	\$ 58,142	\$ 5,286	\$ 528,566
Employee benefits	34,091	4,261	388	38,740
Payroll taxes	34,293	4,287	389	38,969
Professional fees	21,582	2,667	-	24,249
Dues & memberships	8,946	413	-	9,359
In-Kind Expenses	122,986	2,600	2,600	128,186
Depreciation	7,733	910	455	9,098
Insurance	-	18,703	-	18,703
Transportation	7,866	151	-	8,017
Staff Development	6,804	-	-	6,804
Program expenses	36,609	-	-	36,609
Printing	2,683	-	161	2,844
Postage	1,628	-	42	1,670
Repairs & Maintenance	11,677	2,919	-	14,596
Program supplies	1,776	-	-	1,776
Payroll fees & other taxes	-	6,255	-	6,255
Utilities	24,890	3,806	586	29,281
Miscellaneous	13,214	4,245	3,112	20,571
TOTAL EXPENSES	\$ 801,915	\$ 109,359	\$ 13,019	\$ 924,293

BOYS & GIRLS CLUB OF CYPRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - ORGANIZATION

Nature of Activities

The Boys & Girls Club of Cypress (the "Club") is a nonprofit California corporation located in Cypress, California, and a member of the Boys & Girls Clubs of America, Inc. The Club was organized to promote the physical, mental, and moral well-being of boys and girls from ages five to eighteen by providing education, recreation, and guidance. The Club is supported by contracts from state agencies as well as contributions and support from the general public.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

Basis of Presentation

The net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Ridge pursuant to those stipulations or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted. There were no temporarily restricted net assets at the end of the year ending December 31, 2013.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Club. There were no permanently restricted net assets at the end of the year ending December 31, 2013.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from these estimates.

Reclassifications

Certain reclassifications have been made in the 2013 financial statements that could affect the comparability of amounts presented in the 2012 financial statements.

Tax Status

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization is classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related the Organization's tax-exempt purpose is subject to unrelated business income taxation.

BOYS & GIRLS CLUB OF CYPRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE – 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of December 31, 2013, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Contributed Goods and Services

The value of donated goods and services is reflected as a contribution in the accompanying financial statements at the fair value of these goods and services at the date of contribution. Contributed services are recorded in the financial statements only if they would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. The Club has received approximately \$47,802 worth of goods (\$10,000 of which was used for special events), and \$90,384 worth of services as of the year ended December 31, 2013.

Concentrations

The Organization receives grants and contracts that have various compliance requirements which management believes have been adhered to in all material requests. The Organization is located in Cypress, California and its operations are largely dependent upon the local economy.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization, considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is comprised of the fees charged for Club membership fees, pledges, and certain grants and considers all accounts receivable to be collectible, therefore, the Club does not recognize the need for an allowance for uncollectible amounts.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Certain costs and expenditures have been allocated among program, management and general and development activities based on management's estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 29, 2014, the date the financial statements were available to issue.

BOYS & GIRLS CLUB OF CYPRESS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE – 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Properties and equipment are purchased and capitalized at cost. Donated properties and equipment are capitalized at fair market value on the date of the gift. Property and equipment is being depreciated using the straight-line method over its estimated useful life as follows:

Leasehold improvements	7-10 years
Land improvements	7-10 years
Furniture and equipment	3-7 years
Vehicles	5 years

NOTE 3 – PROPERTY AND EQUIPMENT

The Club's property and equipment consist of the following at December 31, 2013:

	June 30, 2013
Leasehold improvements	\$ 80,360
Furniture and fixtures	12,691
Vehicles	58,551
Machinery and equipment	69,340
	220,942
Less: accumulated depreciation	(203,019)
Property and equipment, net	\$ 17,923

Depreciation expense is \$9,098 for the year ended December 31, 2013.

NOTE 4 – PENSION PLAN

The Club participates in a defined contribution pension plan through Boys and Girls Club of America, requiring the employer contribution to reflect a standard 5% of compensation for eligible employees. The pension plan requires that a person be employed by the Club for one year and be 21 years of age. The employer contribution to the plan was \$14,179 for the year ended December 31, 2013.

NOTE 5 – DONATED USE OF FACILITIES

The Club has use of the facilities from the City of Cypress at no charge. An in-kind contribution and related expense of \$85,000 have been recognized in the statement of activities.

BOYS & GIRLS CLUB OF CYPRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6 – DEPOSIT

In connection with the facility lease, the City of Cypress requires that the Club place \$20,000 into a separate account that the City of Cypress will have direct access to. The fund will pay for ongoing maintenance and improvements to the site. Further, once a portion of the funds is used, the Club will have thirty days to replenish the account to the full \$20,000 for future use. There were no maintenance and improvements paid from this deposit during the year ended December 31, 2013.