

BOYS AND GIRLS CLUB OF CYPRESS

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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# *Guzman & Gray*

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Mark Gray, CPA  
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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 financial statements of the Boys & Girls Club of Cypress, (a nonprofit organization), which comprise the financial position as of December 31, 2014, and the related 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

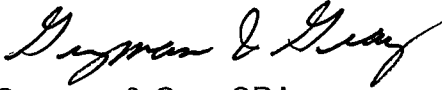
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Cypress, as of December 31, 2014, and the changes in its net assets, its cash flows, and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Guzman & Gray CPAs  
September 25, 2015

BOYS AND GIRLS CLUB OF CYPRESS  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014

ASSETS

	Total
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 282,325
Accounts Receivable	29,068
Grants Receivable	1,300
Prepaid Expenses	11,176
<b>TOTAL CURRENT ASSETS</b>	<b>323,869</b>
 <b>PROPERTY AND EQUIPMENT, NET</b>	 <b>22,398</b>
 <b>OTHER ASSETS</b>	
Deposits	20,000
<b>TOTAL OTHER ASSETS</b>	<b>20,000</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 366,267</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 17,802
Accrued liabilities	28,504
Deferred revenue	56,250
<b>TOTAL CURRENT LIABILITIES</b>	<b>102,556</b>
 <b>TOTAL LIABILITIES</b>	 <b>102,556</b>
 <b>NET ASSETS</b>	
Unrestricted	263,711
<b>TOTAL NET ASSETS</b>	<b>263,711</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 366,267</b>

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, 2014

	Total
PUBLIC SUPPORT	
Contributions	\$ 40,911
Grants	575,055
In-kind revenue	209,216
Special events, net of direct donor benefits (\$33,896)	94,499
TOTAL SUPPORT	919,681
REVENUE	
Program service	164,347
Membership dues	39,919
Other income	2,162
TOTAL REVENUE	206,428
TOTAL PUBLIC SUPPORT AND REVENUE	1,126,109
EXPENSES	
Program services	951,399
Management and administration	122,494
Fundraising	33,186
TOTAL EXPENSES	1,107,079
CHANGE IN NET ASSETS	19,030
BEGINNING NET ASSETS	244,681
ENDING NET ASSETS	\$ 263,711

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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 19,030
Adjustments to reconcile increase or decrease in net assets to net cash provided by operating activities	
Depreciation	7,627
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(18,045)
(Increase) decrease in grants receivable	8,335
(Increase) decrease in deposits	
(Increase) decrease in prepaids	(3,551)
Increase (decrease) in accounts payable	10,010
Increase (decrease) in accrued liabilities	5,483
Increase (decrease) in deferred revenue	56,250
NET CASH PROVIDED BY OPERATING ACTIVITIES	85,139
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Vehicles	(12,102)
NET CASH (USED) BY INVESTING ACTIVITIES	(12,102)
NET INCREASE (DECREASE) IN CASH	73,037
CASH AT BEGINNING OF YEAR	209,288
CASH AT END OF YEAR	\$ 282,325
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, 2014

	Program Services	Management and Administration	Fundraising	Total
Salaries & wages expense	\$ 507,450	\$ 63,431	\$ 5,767	\$ 576,648
Employee benefits	37,643	4,705	428	42,776
Payroll taxes	41,033	5,130	465	46,628
Professional fees	26,747	3,306	-	30,053
Dues & memberships	9,522	440	-	9,962
In-Kind Expenses	188,294	-	20,922	209,216
Depreciation	6,483	763	381	7,627
Insurance	-	20,582	-	20,582
Transportation	10,845	208	-	11,053
Staff Development	8,504	-	-	8,504
Program expenses	40,071	-	-	40,071
Printing	2,517	-	151	2,668
Postage	1,631	-	42	1,673
Repairs & Maintenance	21,541	5,385	-	26,926
Program supplies	4,519	-	-	4,519
Payroll fees & other taxes	-	8,562	-	8,562
Utilities	25,818	3,948	607	30,373
Miscellaneous	18,781	6,034	4,423	29,238
<b>TOTAL EXPENSES</b>	<b>\$ 951,399</b>	<b>\$ 122,494</b>	<b>\$ 33,186</b>	<b>\$ 1,107,079</b>

See Independent Auditors' Report and Notes to Financial Statements



BOYS & GIRLS CLUB OF CYPRESS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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, 2014.

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, 2014.

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.

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, 2014

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, 2014, 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 \$66,841 worth of goods, \$47,375 worth of services, and \$95,000 worth of rental expenses as of the year ended December 31, 2014.

Concentrations

Excluding in kind-contributions received by the Club, the grant income was more than 52 percent of the total income.

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 Statement of Functional Expenses. Certain costs and expenditures have been allocated among program, management and general and development activities based on management's estimates.

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

BOYS & GIRLS CLUB OF CYPRESS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

NOTE – 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 25, 2015, the date the financial statements were available to issue.

NOTE 3 – PROPERTY AND EQUIPMENT

The Club's property and equipment consist of the following at December 31, 2014:

	<u>June 30,</u> <u>2014</u>
Leasehold improvements	\$ 84,856
Furniture and fixtures	8,643
Vehicles	58,551
Machinery and equipment	<u>72,992</u>
	<u>225,042</u>
Less: accumulated depreciation	<u>(202,644)</u>
Property and equipment, net	<u>\$ 22,398</u>

Depreciation expense is \$7,627 for the year ended December 31, 2014.

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 \$14,139 for the year ended December 31, 2014.

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. The club uses a facility each year for its annual gala. An in-kind contribution and related expense of \$10,000 have been recognized in the statement of activities.

NOTE 6 – DEPOSIT

In connection with the facility lease, the City of Cypress requires that the Club place \$20,000 into a separate bank account. The City of Cypress has direct access to this account which is used to fund ongoing maintenance and improvements to the site. Further, if a portion of the deposit 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, 2014.