

BOYS AND GIRLS CLUB OF CYPRESS

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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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, 2015, 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

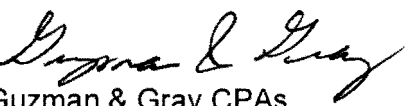
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2015, 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
June 23, 2016

BOYS AND GIRLS CLUB OF CYPRESS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

	Total
CURRENT ASSETS	
Cash and cash equivalents	\$ 436,027
Accounts Receivable	39,886
Grants Receivable	24,224
Prepaid Expenses	12,026
TOTAL CURRENT ASSETS	512,163
 PROPERTY AND EQUIPMENT, NET	 20,698
 OTHER ASSETS	
Deposits	20,000
TOTAL OTHER ASSETS	20,000
 TOTAL ASSETS	 \$ 552,861
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 7,520
Accrued liabilities	32,462
Deferred revenue	18,750
TOTAL CURRENT LIABILITIES	58,732
 TOTAL LIABILITIES	 58,732
 NET ASSETS	
Unrestricted	334,287
Temporarily restricted	159,842
TOTAL NET ASSETS	494,129
 TOTAL LIABILITIES AND NET ASSETS	 \$ 552,861

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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT			
Contributions	\$ 58,875		\$ 58,875
Grants	534,523	\$ 233,210	767,733
In-kind revenue	165,280		165,280
Special events, net of direct donor benefits (\$26,654)	<u>135,104</u>		<u>135,104</u>
TOTAL SUPPORT	<u>893,782</u>	<u>233,210</u>	<u>1,126,992</u>
REVENUE			
Program service	183,366		183,366
Membership dues	42,886		42,886
Other income	<u>889</u>		<u>889</u>
TOTAL REVENUE	<u>227,141</u>		<u>227,141</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>73,368</u>	<u>(73,368)</u>	
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,194,291</u>	<u>159,842</u>	<u>1,354,133</u>
EXPENSES			
Program services	974,212		974,212
Management and administration	117,848		117,848
Fundraising	<u>31,655</u>		<u>31,655</u>
TOTAL EXPENSES	<u>1,123,715</u>	<u>-</u>	<u>1,123,715</u>
CHANGE IN NET ASSETS	70,576	159,842	230,418
BEGINNING NET ASSETS	<u>263,711</u>	<u>-</u>	<u>263,711</u>
ENDING NET ASSETS	<u>\$ 334,287</u>	<u>\$ 159,842</u>	<u>\$ 494,129</u>

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 230,418
Adjustments to reconcile increase or decrease in net assets to net cash provided by operating activities	
Depreciation	6,227
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(10,817)
(Increase) decrease in grants receivable	(22,924)
(Increase) decrease in prepaids	(850)
Increase (decrease) in accounts payable	(10,283)
Increase (decrease) in accrued liabilities	3,960
Increase (decrease) in deferred revenue	<u>(37,500)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>158,231</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed assets	<u>(4,529)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,529)</u>
NET INCREASE IN CASH	153,702
CASH AT BEGINNING OF YEAR	<u>282,325</u>
CASH AT END OF YEAR	<u><u>\$ 436,027</u></u>
SUPPLEMENTAL DISCLOSURE	
INTEREST PAID	<u><u>NONE</u></u>
TAXES PAID	<u><u>NONE</u></u>

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, 2015

	Program Services	Management and Administration	Fundraising	Total
Salaries & wages expense	\$ 540,845	\$ 67,606	\$ 6,146	\$ 614,597
Employee benefits	45,711	5,714	519	51,944
Payroll taxes	38,904	4,863	442	44,209
Professional fees	39,764	4,915	-	44,679
Dues & memberships	9,407	600	-	10,007
In-Kind Expenses	148,751	-	16,529	165,280
Depreciation	5,293	623	311	6,227
Insurance	18,550	2,319	210	21,079
Transportation	6,670	824	-	7,494
Staff Development	5,909	-	-	5,909
Program expenses	48,280	-	-	48,280
Printing	2,760	649	649	4,058
Postage	613	-	1,245	1,858
Repairs & Maintenance	22,771	4,018	-	26,789
Program supplies	3,107	-	-	3,107
Payroll fees & other taxes	-	7,269	-	7,269
Utilities	26,935	4,120	634	31,689
Office expene	9,942	14,328	4,970	29,240
TOTAL EXPENSES	<u>\$ 974,212</u>	<u>\$ 117,848</u>	<u>\$ 31,655</u>	<u>\$ 1,123,715</u>

See Independent Auditors' Report and Notes to Financial Statements

BOYS & GIRLS CLUB OF CYPRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 Club 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.

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, 2015.

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, 2015

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, 2015, 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 \$54,567 worth of goods, \$25,713 worth of services, and \$95,000 worth of rental expenses as of the year ended December 31, 2015.

Concentrations

Excluding in kind-contributions received by the Club, the grant income was more than 53 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, 2015

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 June 23, 2016, 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, 2015:

Leasehold improvements	\$ 84,856
Furniture and fixtures	13,171
Vehicles	58,551
Machinery and equipment	72,992
	<u>229,570</u>
Less: accumulated depreciation	<u>(208,872)</u>
Property and equipment, net	<u>\$ 20,698</u>

Depreciation expense is \$6,227 for the year ended December 31, 2015.

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 \$20,765 for the year ended December 31, 2015.

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.

BOYS & GIRLS CLUB OF CYPRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following for the years ended December 31, 2015:

Bandai (new teen center)	\$ 120,000
Forest Lawn (tech lab)	36,840
Jane Deming fund (musicians)	<u>3,002</u>
	<u>\$ 159,842</u>