JLK Rosenberger
Certified Public Accountants

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Financial Statements and Independent Auditor's Report

June 30, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors
Boys & Girls Club of Burbank and Greater East Valley, Inc.

We have audited the accompanying financial statements of Boys & Girls Club of Burbank and Greater East Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 Boys & Girls Club of Burbank and Greater East Valley, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

JLK Rosenberger, LLP

Glendale, California
November 23, 2015

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Financial Position
As of June 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash	$ 97,028	$ 186,760
Investments	67,015	59,964
Promises to give	93,264	111,437
Prepaid expenses and other assets	38,090	15,479
Total current assets	295,397	373,640
Property and equipment, net	217,714	166,667
Beneficial interest in endowment fund	113,183	113,688
Total assets	$ 626,294	$ 653,995
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 90,795	$ 83,148
Compensated absences	6,779	8,792
Deferred support	12,915	22,845
Total current liabilities	110,489	114,785
Net assets:		
Unrestricted	486,223	388,710
Temporarily restricted	29,582	150,500
Total net assets	515,805	539,210
Total liabilities and net assets	$ 626,294	$ 653,995

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Activities
For the Years Ended June 30, 2015 and 2014

		2015		2014
Changes in unrestricted net assets:				
Unrestricted support:				
Contributions	$	512,526	$	230,256
Program services		1,275,536		1,112,575
Special events revenue, net		186,495		190,374
Fundraising events		148,646		143,789
Donated materials, services and facilities		242,187		216,674
Net appreciation in beneficial interest in endowment fund		915		14,690
Investment (loss) return		(10,925)		17,485
Total unrestricted support		2,355,380		1,925,843
Net assets released from restrictions:				
Satisfaction of program restrictions		328,744		442,243
Total unrestricted support and other support		2,684,124		2,368,086
Expenses:				
Program services		2,201,107		2,039,007
Support services:				
Management and general		194,790		189,291
Fundraising		190,714		177,702
Total unrestricted expenses		2,586,611		2,406,000
Increase (decrease) in unrestricted net assets		97,513		(37,914)
Changes in temporarily restricted net assets:				
Contributions		207,826		586,601
Net assets released from restrictions		(328,744)		(442,243)
(Decrease) increase in temporarily restricted net assets		(120,918)		144,358
(Decrease) increase in net assets		(23,405)		106,444
Net assets, beginning of year		539,210		432,766
Net assets, end of year	$	515,805	$	539,210

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2015 and 2014

	2015			
	Program Services	Management	Fund Raising	Total
Personnel expenses:				
Salaries	$ 1,336,245	$ 133,942	$ 85,600	$ 1,555,787
Payroll taxes and employee benefits	238,437	23,962	15,157	277,556
Total personnel expenses	1,574,682	157,904	100,757	1,833,343
Operating expenses:				
Facilities rent	176,088	9,160	5,854	191,102
Facilities operating	56,610	5,674	3,626	65,910
Materials	193,201	-	49,934	243,135
Membership and dues	13,903	1,014	4,436	19,353
Insurance	21,784	2,184	1,396	25,364
Professional services	2,920	2,920	2,920	8,760
Vehicle expense	18,348	-	-	18,348
Postage and printing	2,272	228	146	2,646
Telephone	8,613	863	552	10,028
Office supplies	-	7,345	766	8,111
Workshops and training	20,193	2,024	1,294	23,511
Other	71,763	1,882	15,337	88,982
Depreciation	40,730	3,592	3,696	48,018
Total expenses	$ 2,201,107	$ 194,790	$ 190,714	$ 2,586,611

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Functional Expenses (Continued)
For the Years Ended June 30, 2015 and 2014

	2014			
	Program Services	Management	Fund Raising	Total
Personnel expenses:				
Salaries	$ 1,207,282	$ 127,181	$ 56,594	$ 1,391,057
Payroll taxes and employee benefits	214,972	22,646	10,077	247,695
Total personnel expenses	1,422,254	149,827	66,671	1,638,752
Operating expenses:				
Facilities rent	188,786	9,727	4,328	202,841
Facilities operating	34,066	3,589	1,597	39,252
Materials	196,596	-	60,070	256,666
Membership and dues	11,868	1,029	2,561	15,458
Insurance	21,337	2,248	1,000	24,585
Professional services	24,872	5,998	34,618	65,488
Vehicle expense	19,874	-	-	19,874
Postage and printing	1,663	1,663	-	3,326
Telephone	7,562	796	354	8,712
Office supplies	-	8,641	504	9,145
Workshops and training	11,541	1,216	541	13,298
Other	50,684	2,043	4,340	57,067
Depreciation	47,904	2,514	1,118	51,536
Total expenses	$ 2,039,007	$ 189,291	$ 177,702	$ 2,406,000

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUB OF BURBANK AND GREATER EAST VALLEY, INC.

Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Increase in net assets	$ (23,405)	$ 106,444
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	10,925	(16,255)
Depreciation	48,018	51,536
Donations - inventories	-	49,000
Donations - property and equipment	-	(21,835)
Donations - marketable securities	(19,541)	(13,370)
Changes in assets and liabilities:		
Promises to give	18,173	(61,368)
Prepaid expenses and other assets	(22,611)	(5,615)
Beneficial interest in endowment fund	505	(13,351)
Accounts payable and accrued expenses	7,647	(41,961)
Compensated absences	(2,013)	(3,843)
Deferred support	(9,930)	169
Net cash provided by operating activities	7,768	29,551
Cash flows from investing activities:		
Purchase of property and equipment	(101,409)	(23,333)
Purchase of investments	(314,435)	(70,805)
Proceeds from sale of property and equipment	2,344	-
Proceeds from sale of investments	316,000	151,773
Net cash (used in) provided by investing activities	(97,500)	57,635
Net (decrease) increase in cash	(89,732)	87,186
Cash at beginning of year	186,760	99,574
Cash at end of year	$ 97,028	$ 186,760
Non-cash investing activities:		
Donations received, property and equipment	$ -	$ 21,835
Donations received, marketable securities	$ 19,541	$ 13,370

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

Nature of Activities

The Boys & Girls Club of Burbank and Greater East Valley, Inc. (the "Organization"), headquartered in Burbank, CA, is a member of Boys & Girls Clubs of America ("BGCA"). The primary mission of BGCA is to assure and enhance the quality of life for youth as participating members of a richly diverse urban society. With special concern for the disadvantaged, Boys & Girls Clubs help youths realize their potential for growth and development. The Organization has concentrated on Burbank, California and surrounding communities. The Organization provides services, based on principles and behavioral guidance, which will achieve the health, social, educational, vocational, character and leadership development of their membership. The Organization is supported primarily through program services, donor contributions, and fundraising events.

The Organization has a policy where no child is turned away for an inability to pay. Low income families can apply for financial aid and may qualify for a reduced tuition. For the years ended June 30, 2015 and 2014, the Organization offered approximately $237,000 and $242,000, respectively, of financial aid in the form of reduced tuition to families in need.

Basis of Presentation

These financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Organization's activities and operations at the direction of the Board of Directors.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met by actions of the donor, the Organization, and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of June 30, 2015 and 2014.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Donor-restricted contributions for which the restriction has been satisfied in the same reporting period as the contribution was received are recorded as unrestricted.

1. Summary of Significant Accounting Policies (Continued)

Cash

The Organization maintains some of its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible unconditional promises receivable.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Realized gains or losses are recognized based on the difference between the investment's fair value and the sales proceeds less the unrealized gain or loss previously recognized.

Fair Value Measurements

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Accordingly, when market observable data is not readily available, the Organization's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. Financial assets and financial liabilities recorded in the balance sheets at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level 1 - Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access.

Level 2 - Financial assets and financial liabilities whose values are based on (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in non-active markets, or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the Organization's estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost, if purchased, and estimated fair market value if contributed, less accumulated depreciation and amortization. Property and equipment are depreciated on a straight-line basis over their estimated service lives, which range from three to seven years.

Deferred Support

The Organization recognizes support revenues with respect to fundraising events in the period the event occurs. Accordingly, payments received in advance are deferred until the time of the event.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Assets and Services

Donations of non-cash assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions.

Donated services 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 by the Organization.

Expense Allocation

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

Income Tax Status

The Organization is a public charity that has obtained an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal or state income taxes. The Organization is subject, however, to Federal and California income taxes on unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. For the fiscal year ended June 30, 2014, the Organization had no unrelated business income.

1. Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued)

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management reviewed the status of all tax positions annually to determine if any tax position should affect the Organization's financial statements and concluded that, as of June 30, 2015 and 2014, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year presentation. Such reclassifications had no effect on previously reported net assets and changes in net assets.

2. Investments

Investments consist of the following as of June 30:

	2015	2014
Mutual funds	$ 33	$ 499
Equity securities	66,982	59,465
Total	$ 67,015	$ 59,964

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	2015	2014
Interest and dividends	$ 1,431	$ 1,230
Unrealized (losses) gains	(12,356)	16,255
Total	$ (10,925)	$ 17,485

3. Fair Value Measurements

The following table sets forth by level within fair value hierarchy the Organization's invested assets as of June 30:

	Level 1	Level 2	Level 3	Total
2015				
Mutual funds	$ 33	$ -	$ -	$ 33
Equity securities	66,982	-	-	66,982
Total	$ 67,015	$ -	$ -	$ 67,015

	Level 1	Level 2	Level 3	Total
2014				
Mutual funds	$ 499	$ -	$ -	$ 499
Equity securities	59,465	-	-	59,465
Total	$ 59,964	$ -	$ -	$ 59,964

4. Promises to Give

Unconditional promises to give are due in one year and consist of the following as of June 30:

	2015	2014
Unrestricted	$ 19,201	$ 51,437
Temporarily restricted	74,063	60,000
Total	$ 93,264	$ 111,437

5. Property and Equipment

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

	2015	2014
Leasehold improvements	$ 417,758	$ 319,766
Sports equipment	53,066	47,066
Computer equipment	114,380	111,172
Office equipment	62,491	70,626
Vehicles	96,144	96,144
Total property and equipment	743,839	644,774
Less accumulated depreciation and amortization	(526,125)	(478,107)
Property and equipment, net	$ 217,714	$ 166,667

Depreciation and amortization for the years ended June 30, 2015 and 2014 were $48,018 and $51,536, respectively.

6. Beneficial Interest in Fund Endowment

On September 19, 2011, the Organization received an unrestricted contribution from a member of the local community. The board of the Organization sought to preserve the assets of the contribution and irrevocably gifted $85,526 to the Community Foundation of the Verdugos (the "Foundation") which created the Boys & Girls Club of Burbank and Greater East Valley Endowment (the "Fund"). The purpose of the Fund is "to provide financial support to the Boys & Girls Club of Burbank and Greater East Valley or for its specific programs or projects."

Variance power has been granted to the Foundation protecting the Fund from obsolescence. If, in the sole judgment of the Board of Directors of the Foundation, the purpose for which the Fund was created ever becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation, the Foundation's Board of Directors shall modify any restriction or condition on the use or distribution of the income and principal of the Fund.

Of the Fund's annual balance, 4.5% may be distributed to the Organization, subject to the Foundation's discretion. The Fund is invested by the Foundation in a pool with similar funds. The Organization is credited its share of earnings from the pool and charged fees for administration of the fund. Net earnings of the Fund are included in investment return in the accompanying statement of activities.

The Foundation has employed a total return investment policy with an objective of preserving the endowment capital, protecting the purchasing power of the funds, and providing cash flows to assist in the funding of the Foundation's grants and expenses. The Foundation invests funds in a diversified portfolio of cash, bonds, common stocks, preferred stocks, mutual funds, exchange traded funds, and where appropriate, alternative investments. The investments are further diversified within asset classes such as by economic sectors, industry, quality, and capitalization.

The Fund had $4,665 and $4,356 available for use by the Organization at June 30, 2015 and 2014, respectively. Management elected to reinvest available funds at June 30, 2015.

The Fund activities for the years ended June 30 are as follows:

	2015	2014
Balance, beginning of year	$ 113,688	$ 100,337
Earnings:		
Interest and dividends	2,661	2,931
Realized gains	7,644	4,672
Unrealized (losses) gains	(8,708)	7,721
Expenses charged to the Fund:		
Administrative fees	(1,419)	(1,339)
Other	(682)	(634)
Net appreciation of the Fund	(505)	13,351
Balance, end of year	$ 113,183	$ 113,688

7. Line of Credit

The Organization maintains a one year revolving line of credit with Bank of America that renews each year. The current line of credit for $100,000 expires on May 28, 2016 and bears interest at the bank's prime rate (3.25% at June 30, 2015) plus 1%. The Organization did not draw upon its line of credit during the years ended June 30, 2015 and 2014.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	2015	2014
Deaf and hard of hearing program	$ 10,582	$ -
Capital improvements	19,000	50,000
Teen club programs	-	30,000
Middle school enrichment programs	-	8,000
Core support	-	62,500
Total temporarily restricted assets	$ 29,582	$ 150,500

9. Donated Materials, Services and Facilities

The value of donated materials, services, and facilities included as contributions in the statements of activities and the corresponding expenses for the years ended June 30 are as follows:

	2015	2014
Facility rental	$ 119,180	$ 113,064
Donated furniture and equipment and leasehold improvements	-	1,835
Materials and supplies	123,007	101,775
Total donated materials, services and facilities	$ 242,187	$ 216,674

The Organization rents its facilities for $1 a year on a month-to-month basis. For the year ended June 30, 2015, the Organization rented three facilities, Club Facilities, Our Lady of Holy Rosary, and St. Patrick Catholic Church, for estimated values of $106,392, $6,672, and $6,116, respectively. For the year ended June 30, 2014, the Organization rented two facilities, Club Facilities and Our Lady of Holy Rosary, for estimated values of $106, 392 and $6,672, respectively.

For the year ended June 30, 2014, the Organization received a donated Modular Building with an estimated value of $20,000.

10. Defined Contribution Plan

The Organization has elected to be part of the BGCA's 401(k) Safe Harbor Master Plan (the Plan) whereby employees and employer can make contributions to the Plan up to the maximum allowed by law. The Organization makes a 3% safe harbor contribution for the eligible employees' compensations annually. The defined contribution plan expense for the years ended June 30, 2015 and 2014 were $35,914 and $29,814, respectively.

11. Commitments and Contingencies

An annual lease with the Burbank Unified School District is paid monthly. Rent expense paid for the year ended June 30, 2015 and 2014 was $71,921 and $89,783, respectively. Subsequent to year end, the Burbank Unified School District lease was renewed for the 2016 fiscal year totaling approximately $71,000.

12. Subsequent Events

Management has evaluated subsequent events through November 23, 2015, which is the date the financial statements were available to be issued. Except as discussed in Note 11, no other events have occurred subsequent to June 30, 2015 requiring recording or disclosure in these financial statements.