

**BOYS AND GIRLS CLUBS OF
COLUMBUS, INC.**

(A Nonprofit Organization)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

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YEARS ENDED DECEMBER 31, 2016 AND 2015

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys and Girls Clubs of Columbus, Inc.
Columbus, Ohio

We have audited the accompanying financial statements of the **Boys and Girls Clubs of Columbus, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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 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 our audits to obtain reasonable assurance about whether the financial statements are free from 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.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Boys and Girls Clubs of Columbus, Inc.** as of December 31, 2016 and 2015, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brady, Ware & Schoenfeld, Inc.

Columbus, Ohio
July 26, 2017

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 499,186	\$ 393,004
Pledges receivable	25,000	14,892
Grants receivable, net	431,938	535,871
Prepaid expenses	<u>10,652</u>	<u>6,056</u>
Total current assets	966,776	949,823
PROPERTY AND EQUIPMENT, NET	1,315,461	1,435,259
INVESTMENTS	59,601	62,196
DEPOSITS	5,853	5,853
PLEDGES RECEIVABLE - LONG TERM, NET	<u>68,045</u>	<u>-</u>
	<u>\$ 2,415,736</u>	<u>\$ 2,453,131</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 41,280	\$ 66,758
Accrued expenses	95,023	33,550
Current maturity of note payable	<u>-</u>	<u>14,988</u>
Total current liabilities	136,303	115,296
NOTE PAYABLE, NET OF CURRENT MATURITY	<u>225,500</u>	<u>37,458</u>
	<u>361,803</u>	<u>152,754</u>
NET ASSETS		
Unrestricted	1,664,332	1,644,798
Unrestricted - Board designated	59,601	62,196
Temporarily restricted	330,000	393,383
Permanently restricted	<u>-</u>	<u>200,000</u>
	<u>2,053,933</u>	<u>2,300,377</u>
	<u>\$ 2,415,736</u>	<u>\$ 2,453,131</u>

See notes to financial statements.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT				
Contributions - special events	\$ 316,570	\$ -	\$ -	\$ 316,570
Contributions - other	1,286,720	330,000	-	1,616,720
Governmental grants	513,689	-	-	513,689
United Way	<u>251,837</u>	<u>-</u>	<u>-</u>	<u>251,837</u>
Total public support	<u>2,368,816</u>	<u>330,000</u>	<u>-</u>	<u>2,698,816</u>
REVENUE				
Memberships	80,126	-	-	80,126
Other revenue (expense)				
Investment income	2,506	-	-	2,506
Miscellaneous	79,553	-	-	79,553
Loss on sale of property and equipment	<u>(252,102)</u>	<u>-</u>	<u>-</u>	<u>(252,102)</u>
Total revenue	<u>(89,917)</u>	<u>-</u>	<u>-</u>	<u>(89,917)</u>
Net assets released from restrictions	<u>593,383</u>	<u>(393,383)</u>	<u>(200,000)</u>	<u>-</u>
Total public support and revenue	<u>2,872,282</u>	<u>(63,383)</u>	<u>(200,000)</u>	<u>2,608,899</u>
FUNCTIONAL EXPENSES				
Program services	2,399,363	-	-	2,399,363
Supporting services	<u>455,980</u>	<u>-</u>	<u>-</u>	<u>455,980</u>
Total functional expenses	<u>2,855,343</u>	<u>-</u>	<u>-</u>	<u>2,855,343</u>
NET INCREASE (DECREASE) IN NET ASSETS	16,939	(63,383)	(200,000)	(246,444)
NET ASSETS				
Beginning of year	<u>1,706,994</u>	<u>393,383</u>	<u>200,000</u>	<u>2,300,377</u>
End of year	<u>\$ 1,723,933</u>	<u>\$ 330,000</u>	<u>\$ -</u>	<u>\$ 2,053,933</u>

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT				
Contributions - special events	\$ 182,275	\$ -	\$ -	\$ 182,275
Contributions - other	1,172,030	45,800	-	1,217,830
Governmental grants	486,448	-	-	486,448
United Way	<u>35,917</u>	<u>265,000</u>	<u>-</u>	<u>300,917</u>
Total public support	<u>1,876,670</u>	<u>310,800</u>	<u>-</u>	<u>2,187,470</u>
REVENUE				
Memberships	61,808	-	-	61,808
Other revenue (expense)				
Investment loss	(1,849)	-	-	(1,849)
Miscellaneous	<u>67,664</u>	<u>-</u>	<u>-</u>	<u>67,664</u>
Total Revenue	<u>127,623</u>	<u>-</u>	<u>-</u>	<u>127,623</u>
Net assets released from restrictions	<u>503,008</u>	<u>(503,008)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,507,301</u>	<u>(192,208)</u>	<u>-</u>	<u>2,315,093</u>
FUNCTIONAL EXPENSES				
Program services	1,833,635	-	-	1,833,635
Supporting services	<u>529,962</u>	<u>-</u>	<u>-</u>	<u>529,962</u>
Total functional expenses	<u>2,363,597</u>	<u>-</u>	<u>-</u>	<u>2,363,597</u>
NET INCREASE (DECREASE) IN NET ASSETS	143,704	(192,208)	-	(48,504)
NET ASSETS				
Beginning of year	<u>1,563,290</u>	<u>585,591</u>	<u>200,000</u>	<u>2,348,881</u>
End of year	<u>\$ 1,706,994</u>	<u>\$ 393,383</u>	<u>\$ 200,000</u>	<u>\$ 2,300,377</u>

See notes to financial statements.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	PROGRAM SERVICES			SUPPORTING SERVICES			2016 Total
	Social Development	Educational Opportunity	Total	Management and General	Fund- raising	Total	
Salaries	\$ 826,385	\$ 206,596	\$ 1,032,981	\$ 144,141	\$ 71,109	\$ 215,250	\$ 1,248,231
Payroll taxes	74,592	18,648	93,240	5,155	5,601	10,756	103,996
Employee benefits	68,349	17,087	85,436	11,922	5,881	17,803	103,239
Total salaries and related expenses	969,326	242,331	1,211,657	161,218	82,591	243,809	1,455,466
Professional fees	111,638	27,910	139,548	7,716	12,958	20,674	160,222
Contract labor	124,760	31,190	155,950	-	-	-	155,950
Supplies	86,278	21,570	107,848	5,963	6,479	12,442	120,290
Program activities and food	193,127	48,282	241,409	-	-	-	241,409
Postage	5,393	1,348	6,741	373	405	778	7,519
Occupancy	176,385	44,096	220,481	38,709	-	38,709	259,190
Utilities	62,372	17,820	80,192	8,910	-	8,910	89,102
Equipment rental and maintenance	10,242	2,560	12,802	708	769	1,477	14,279
Printing and publications	54	54	108	-	-	-	108
Travel and vehicle expenses	14,954	3,739	18,693	2,337	2,337	4,674	23,367
Conference and conventions	2,495	624	3,119	780	-	780	3,899
Dues or support to National	9,461	9,461	18,922	-	-	-	18,922
Miscellaneous	44,867	11,217	56,084	3,101	3,369	6,470	62,554
Insurance	19,764	4,941	24,705	1,366	1,484	2,850	27,555
Interest expense	2,011	468	2,479	275	-	275	2,754
Advertising and marketing expense	-	-	-	10,982	10,982	21,964	21,964
Special events expense	-	-	-	-	80,210	80,210	80,210
Bad debt expense	-	-	-	1,000	-	1,000	1,000
Total functional expenses before depreciation	1,833,127	467,611	2,300,738	243,438	201,584	445,022	2,745,760
Depreciation	79,996	18,629	98,625	10,958	-	10,958	109,583
Total functional expenses	\$ 1,913,123	\$ 486,240	\$ 2,399,363	\$ 254,396	\$ 201,584	\$ 455,980	\$ 2,855,343

See notes to financial statements.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	PROGRAM SERVICES			SUPPORTING SERVICES			2015 Total
	Social Development	Educational Opportunity	Total	Management and General	Fund- raising	Total	
Salaries	\$ 670,153	\$ 167,538	\$ 837,691	\$ 138,380	\$ 73,820	\$ 212,200	\$ 1,049,891
Payroll taxes	55,731	13,933	69,664	11,508	6,139	17,647	87,311
Employee benefits	<u>50,255</u>	<u>12,564</u>	<u>62,819</u>	<u>10,377</u>	<u>5,536</u>	<u>15,913</u>	<u>78,732</u>
Total salaries and related expenses	776,139	194,035	970,174	160,265	85,495	245,760	1,215,934
Professional fees	87,167	21,792	108,959	5,881	37,149	43,030	151,989
Contract labor	64,386	16,096	80,482	-	-	-	80,482
Supplies	45,537	11,384	56,921	3,072	3,302	6,374	63,295
Program activities and food	194,075	48,519	242,594	-	-	-	242,594
Postage	10,433	2,608	13,041	704	757	1,461	14,502
Occupancy	81,623	20,406	102,029	17,913	-	17,913	119,942
Utilities	48,556	13,873	62,429	6,937	-	6,937	69,366
Equipment rental and maintenance	9,056	2,264	11,320	611	657	1,268	12,588
Printing and publications	1,406	1,406	2,812	-	-	-	2,812
Travel and vehicle expenses	12,166	3,041	15,207	1,901	1,901	3,802	19,009
Conference and conventions	363	91	454	114	-	114	568
Dues or support to National	5,556	5,556	11,112	-	-	-	11,112
Miscellaneous	22,083	5,521	27,604	1,490	1,601	3,091	30,695
Insurance	21,193	5,298	26,491	1,430	1,537	2,967	29,458
Interest expense	2,130	496	2,626	292	-	292	2,918
Advertising and marketing expense	-	-	-	18,307	18,307	36,614	36,614
Special events expense	-	-	-	-	148,604	148,604	148,604
Bad debt expense	-	-	-	<u>693</u>	<u>-</u>	<u>693</u>	<u>693</u>
Total functional expenses before depreciation	1,381,869	352,386	1,734,255	219,610	299,310	518,920	2,253,175
Depreciation	<u>80,608</u>	<u>18,772</u>	<u>99,380</u>	<u>11,042</u>	<u>-</u>	<u>11,042</u>	<u>110,422</u>
Total functional expenses	<u>\$ 1,462,477</u>	<u>\$ 371,158</u>	<u>\$ 1,833,635</u>	<u>\$ 230,652</u>	<u>\$ 299,310</u>	<u>\$ 529,962</u>	<u>\$ 2,363,597</u>

See notes to financial statements.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Decrease in net assets	\$ (246,444)	\$ (48,504)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	109,583	110,422
Realized loss on sale of investments	1,049	903
Unrealized (gain) loss on investments	(1,811)	8,439
Allowance for doubtful accounts	(382)	588
Change in net present value	6,955	13,000
Loss on sale of property and equipment	<u>252,102</u>	<u>-</u>
	121,052	84,848
Changes in operating assets and liabilities:		
Pledges receivable	(84,520)	(288)
Grants receivable	103,727	64,428
Prepaid expenses	(4,596)	1,020
Deposits	-	(5,853)
Accounts payable	(25,478)	49,146
Accrued expenses	61,473	1,742
Accrued pension liability	<u>-</u>	<u>(19,763)</u>
Net cash provided by operating activities	<u>171,658</u>	<u>162,280</u>
INVESTING ACTIVITIES		
Proceeds from sale of investments	10,248	4,935
Purchases of investments	(6,890)	(17,498)
Proceeds from sale of property and equipment	510,000	-
Purchases of property and equipment	<u>(526,388)</u>	<u>(119,690)</u>
Net cash used by investing activities	<u>(13,030)</u>	<u>(132,253)</u>
FINANCING ACTIVITIES		
Principal payments on note payable	<u>(52,446)</u>	<u>(14,992)</u>
NET INCREASE IN CASH	106,182	15,035
CASH		
Beginning of year	<u>393,004</u>	<u>377,969</u>
End of year	<u>\$ 499,186</u>	<u>\$ 393,004</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 2,754</u>	<u>\$ 2,918</u>
Debt incurred for the purchase of property and equipment	<u>\$ 225,500</u>	<u>\$ -</u>

See notes to financial statements.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boys and Girls Clubs of Columbus, Inc. (the "Organization") offers recreational and educational programs to youth ages 6 to 18, ensuring that Columbus' kids have a productive and positive outlet for their free time. The Organization's programs are designed to help members reach their full potential as productive, caring, and responsible citizens. The Organization also provides access to comprehensive after-school and summer programs.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed stipulations. Temporarily restricted net assets are those net assets subject to donor-imposed stipulations that will be met by specific expenditures being made and/or the passage of time. Permanently restricted net assets are subject to donor-imposed stipulations that the principal of the gifts remain in perpetuity with the resulting investment income utilized for general, or in some cases, specific purposes.

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

Property and Equipment - Property and equipment are stated at cost for assets purchased, or fair market value for donated assets, and are depreciated over the estimated useful lives of the respective assets, ranging from 5 to 40 years, using the straight-line method. The Organization capitalizes property and equipment when the cost or fair market value is \$1,000 or more and its estimated useful life exceeds one year. Routine repairs and maintenance are charged to expense when incurred. When assets are retired or otherwise disposed of, the cost of the asset, and the related accumulated depreciation, are removed from the respective accounts and any resulting gain or loss is recognized.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2016 and 2015.

Pledges and Grants Receivable - Unconditional pledges receivable to be collected in less than one year are recorded at net realizable value. Unconditional pledges receivable to be collected beyond one year are to be discounted to present value per accounting standards.

An allowance is made for possible losses on collection of pledges and grants based upon periodic review of credit risks. When pledges and grants are determined to be uncollectible, they are charged off against the allowance. Management deems pledges and grants to be uncollectible when all internal collection efforts have been exhausted.

The allowance for doubtful grants was \$207 and \$588 as of December 31, 2016 and 2015.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue and Public Support - The Organization records contributions as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are received. All other donor-restricted contributions are reported as temporarily restricted or permanently restricted net assets, depending on the nature of the restrictions.

Contributions of services or materials which meet the requirement for recognition are reported as revenues and expenses at fair market values. In addition to the recorded contributions, many individuals volunteer their time and perform a variety of tasks that assist the Organization's programs and administration. Since these services do not meet the requirements for recognition, the value thereof is not reflected in the accompanying financial statements.

Government agency grants are generally recognized as revenue in amounts equal to costs incurred or as the services have been rendered. The excess of grant revenue over cash received is recognized as a receivable, and the excess of cash received over grant revenue is recognized as deferred revenue.

Concentration of Credit Risk - The Organization maintains cash balances in banks. These balances are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insurance limits are capped at \$250,000 for all non-interest and interest bearing accounts. The Organization's account balances were at times in excess of these limits during the years 2016 and 2015.

Investments - Investments in marketable securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values in the statements of financial position. Interest, dividends, investment fees, and realized and unrealized gains and losses, are included in investment income on the statements of activities. Investment advisory fees totaled \$4,928 and \$4,935 for the years 2016 and 2015.

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

Advertising Expense - Printing and publication costs are expensed as incurred. Printing and promotional publication costs were \$21,964 and \$36,614 for the years ended December 31, 2016 and 2015.

Tax-Exempt Status - The Organization operates as a nonprofit organization and is tax exempt under IRS Code Section 501(c)(3). Accordingly, no provision for income tax is presented in these financial statements.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Uncertainty in Tax Positions - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of December 31, 2016. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of December 31, 2016.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 26, 2017, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

	<u>2016</u>	<u>2015</u>
Land	\$ 175,420	\$ 202,520
Buildings	1,352,146	2,986,833
Furniture and fixtures	295,537	293,212
Games and equipment	63,762	63,762
Leasehold improvements	15,831	15,831
Automotive equipment	<u>64,432</u>	<u>64,432</u>
Total cost	1,967,128	3,626,590
Less accumulated depreciation	<u>651,667</u>	<u>2,191,331</u>
	<u>\$ 1,315,461</u>	<u>\$ 1,435,259</u>

NOTE 3 - PLEDGES RECEIVABLE

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 25,000	\$ 14,892
Receivable in one to five years	<u>75,000</u>	<u>-</u>
	100,000	14,892
Less discount to present value	<u>6,955</u>	<u>-</u>
	<u>\$ 93,045</u>	<u>\$ 14,892</u>

At December 31, 2016, the present value of pledges receivable has been determined using a discount rate of 3.26%.

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - NET ASSETS AND BOARD DESIGNATED

Temporarily Restricted: The temporarily restricted net asset class includes assets of the Organization related to gifts with explicit donor-imposed purpose or time restrictions that have not been met.

	<u>2016</u>	<u>2015</u>
United Way	\$ 245,000	\$ 265,000
Program and time restricted	<u>85,000</u>	<u>128,383</u>
	<u>\$ 330,000</u>	<u>\$ 393,383</u>

Permanently Restricted: Permanently restricted net assets reflected the land that had been conveyed to the Organization by the City of Columbus. The conveyance restricts that the land will be used for the exclusive purpose of the Organization. The provisions of this agreement stated the land was to revert back to the City of Columbus if the Organization ceased to exist or changes locations. During 2016, the Organization changed primary locations. The Organization received permission from the City of Columbus to sell this property and purchase a new location, unencumbered.

	<u>2016</u>	<u>2015</u>
Land located at 115 S. Gift Street and 1012 Cleveland Avenue, Columbus, Ohio	<u>\$ -</u>	<u>\$ 200,000</u>

Board Designated: The Organization has board designated funds, of which none have any donor-restrictions, and as such, the fund does not contain any temporarily restricted or permanently restricted net assets. The Organization's spending policy permits a distribution from the designated assets of a specified amount based on anticipated cash flow needs, or to support specific activities. Amounts withdrawn from the designated funds are approved by the Organization's Board of Directors. There may be years in which amounts are not withdrawn from designated assets.

NOTE 5 - INVESTMENTS

The following reflects the cost and estimated fair values of marketable securities held at December 31, 2016 and 2015. In addition, gross unrealized gains and unrealized losses are disclosed for the years 2016 and 2015.

	<u>2016</u>			
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Cash and cash equivalents	\$ 2,040	\$ -	\$ -	\$ 2,040
Fixed income	23,978	-	(1,320)	22,658
Real estate investments	4,340	-	(732)	3,608
Equity securities	<u>28,784</u>	<u>2,511</u>	<u>-</u>	<u>31,295</u>
	<u>\$ 59,142</u>	<u>\$ 2,511</u>	<u>\$ (2,052)</u>	<u>\$ 59,601</u>

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INVESTMENTS - continued

	2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and cash equivalents	\$ 323	\$ -	\$ -	\$ 323
Fixed income	23,978	-	(1,748)	22,230
Corporate obligations	4,340	-	(428)	3,912
Equity securities	<u>34,907</u>	<u>824</u>	<u>-</u>	<u>35,731</u>
	<u>\$ 63,548</u>	<u>\$ 824</u>	<u>\$ (2,176)</u>	<u>\$ 62,196</u>

Unrealized gain of \$1,811 and loss of \$8,439 from sale of investments are included in the Statements of Activities for the years 2016 and 2015. Realized loss of \$1,049 and \$903 from sale of investments are included in the Statements of Activities for the years 2016 and 2015. Interest and dividend income of \$1,549 and \$7,146 are included in investment income for the years 2016 and 2015.

NOTE 6 - FAIR VALUE MEASUREMENTS

Fair values of the Organization's financial assets measured on a recurring basis at December 31, 2016 and 2015, are as follows:

	2016			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 2,040	\$ 2,040	\$ -	\$ -
Fixed income	22,658	22,658	-	-
Real estate investments	3,608	3,608	-	-
Equity securities	<u>31,295</u>	<u>31,295</u>	<u>-</u>	<u>-</u>
	<u>\$ 59,601</u>	<u>\$ 59,601</u>	<u>\$ -</u>	<u>\$ -</u>
	2015			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 323	\$ 323	\$ -	\$ -
Fixed income	22,230	22,230	-	-
Corporate obligations	3,912	3,912	-	-
Equity securities	<u>35,731</u>	<u>35,731</u>	<u>-</u>	<u>-</u>
	<u>\$ 62,196</u>	<u>\$ 62,196</u>	<u>\$ -</u>	<u>\$ -</u>

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FAIR VALUE MEASUREMENTS - continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Equity securities, fixed income, real estate investments, corporate obligations, and cash and cash equivalents: Valued at the net asset value (NAV) of shares held by the Organization at year-end.

NOTE 7 - OFFICE SPACE LEASE

In April 2015, the Organization entered into a 3-month lease to rent office space to an unrelated party. At the conclusion of the initial lease period, the lease was renewed for an additional 12-months under the same terms. The lease is now on month-to-month terms. Monthly rent payments are \$6,667 plus other building expenses. The Organization recognized rental income of \$81,600 and \$55,525 for the year ended December 31, 2016 and 2015.

NOTE 8 - OPERATING LEASES

The Organization has operating leases for office equipment expiring through 2021. Rent expense for the years 2016 and 2015 was \$4,399 and \$2,823.

The Organization leases club and office spaces for three locations with varying terms extending into 2035. Monthly lease payments range from \$2,000 to \$8,242. Total rent expenses for these leases for the years 2016 and 2015 was \$90,939 and \$33,892.

Future minimum lease payments for the subsequent five years and thereafter are as follows:

2017	\$ 122,158
2018	112,038
2019	100,678
2020	98,478
2021	96,525
Thereafter	<u>1,239,103</u>
	<u>\$ 1,768,980</u>

BOYS AND GIRLS CLUBS OF COLUMBUS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NOTE PAYABLE

	<u>2016</u>	<u>2015</u>
The Organization obtained a note for the purpose of constructing the Teen Center in the amount of \$300,000 at June 30, 2003. The note was refinanced with a financial institution during July 2014. The note was payable in monthly installments composed of a fixed principal payment of \$1,249 and a variable interest rate payment of 1% plus the Prime rate (3.75% and 3.50% at December 31, 2016 and 2015) of the outstanding balance. The note was paid in full during 2016.	\$ -	\$ 52,446
The Organization obtained a note for the purchase of a new facility in the amount of \$225,500 on October 15, 2016. The note is payable through interest only payments for the first 36 months at 4% interest of the principal balance. The note automatically renews for an additional 24 months before balance comes due in full on November 15, 2021.	<u>\$ 225,500</u>	<u>\$ -</u>
Less current portion	<u>-</u>	<u>14,988</u>
	<u>\$ 225,500</u>	<u>\$ 37,458</u>

Interest expense of \$2,754 and \$2,918 from the note payable is included in the Statements of Functional Expenses for the years 2016 and 2015.

NOTE 10 - REVOLVING LINE OF CREDIT

The Organization has a \$50,000 revolving line of credit for working capital. The Organization is required to, at a minimum, make interest payments monthly. The credit line is open for one year with unlimited, automatic one year renewals in effect unless a party to the loan chooses to cancel the agreement within 30 days of the anniversary of the loan effective date. All bank advances on the credit line are due upon maturity of the loan. The line has a stated interest rate of 1.75% over the Prime Rate, and there is no penalty for paying off part or all of the balance at any date prior to the maturity date. The line is secured by substantially all of the assets of the Organization. As of December 31, 2016 and 2015, the Organization had not made any draws on this credit line.

NOTE 11 - 401K PLAN

The Organization sponsors a 401(k) Safe Harbor Plan and Trust covering essentially all employees. The Plan provides for a safe harbor match of up to 100% of the first 3% of an employee's elective deferral contributed during the year. Contributions to the Plan for the plan years 2016 and 2015 totaled \$18,103 and \$17,538.