

**BOYS AND GIRLS CLUB
OF OYSTER BAY-EAST NORWICH**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Boys and Girls Club of Oyster Bay-East Norwich

Report on the Financial Statements

We have audited the accompanying financial statements of The Boys and Girls Club of Oyster Bay-East Norwich (a nonprofit organization), which comprise the statements of financial condition as of December 31, 2018 and 2017, 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 the audit 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Boys and Girls Club of Oyster Bay-East Norwich as of December 31, 2018 and 2017, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Port Washington, New York 11050
May 8, 2019

THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 201 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash in bank	\$ 601,330	\$ 644,485
Accounts receivable	6,435	14,441
Marketable Securities (Note 2)	1,955,038	2,263,382
Corporate Bonds (Note 2)	416,105	473,964
US Treasury Obligations (Note 2)	168,377	8,880
Prepaid expenses	9,721	10,374
Accrued Interest (Notes 1,2)	4,950	5,367
Property Plant & Equipment (Note 3)	<u>3,030,824</u>	<u>3,130,627</u>
TOTAL ASSETS	\$ <u>6,192,780</u>	\$ <u>6,551,520</u>
LIABILITIES		
Accrued Expenses	\$ <u>20,440</u>	\$ <u>23,689</u>
NET ASSETS		
Unrestricted	3,422,274	3,632,050
Temporarily Restricted (Note 4)	2,750,066	2,895,781
Permanently Restricted	<u>-0-</u>	<u>-0-</u>
	<u>6,172,340</u>	<u>6,527,831</u>
TOTAL LIABILITIES & NET ASSETS	\$ <u>6,192,780</u>	\$ <u>6,551,520</u>

See accompanying notes and auditors' report.

**BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>2018 Total</u>	<u>2017 Total</u>
SUPPORT AND REVENUES:					
Public Support					
Contributions	\$ 287,488	\$ -	\$ -	\$ 287,488	\$ 244,602
Other Revenue					
Program Service Fees	483,667	-	-	483,667	504,952
Government Grants	21,917	-	-	21,917	25,639
Special Fundraising Events	373,109	-	-	373,109	474,845
Investment Income (Loss)	26,625	(147,897)	-	(121,272)	410,635
Miscellaneous Income	<u>5,590</u>	<u>2,182</u>	-	<u>7,772</u>	-
Total Support and Revenue	<u>1,198,396</u>	<u>(145,715)</u>	<u>-</u>	<u>1,052,681</u>	<u>1,660,673</u>
EXPENSES: (Page 4)					
Program Services	1,139,095	-	-	1,139,095	1,079,160
General & Administrative	70,953	-	-	70,953	73,992
Fundraising	<u>198,124</u>	<u>-</u>	<u>-</u>	<u>198,124</u>	<u>222,671</u>
TOTAL EXPENSES	<u>1,408,172</u>	<u>-</u>	<u>-</u>	<u>1,408,172</u>	<u>1,375,823</u>
TOTAL CHANGE IN NET ASSETS	(209,776)	(145,715)	-	(355,491)	284,850
NET ASSETS, BEGINNING OF YEAR	<u>3,632,050</u>	<u>2,895,781</u>	<u>-</u>	<u>6,527,831</u>	<u>6,242,981</u>
NET ASSETS, END OF YEAR	\$ <u>3,422,274</u>	\$ <u>2,750,066</u>	\$ <u>-</u>	\$ <u>6,172,340</u>	\$ <u>6,527,831</u>

See accompanying notes and auditors' report.

THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Program Services	Supporting General & Administrative	Services Fundraising	2018 Total	2017 Total
Salaries	\$ 550,492	\$ 30,704	\$ 54,060	\$ 635,256	\$ 597,272
Payroll Taxes	44,222	2,465	4,342	51,029	49,118
Employee Benefits	<u>62,037</u>	<u>3,457</u>	<u>6,093</u>	<u>71,587</u>	<u>74,665</u>
	656,751	36,626	64,495	757,872	721,055
Building maintenance & supplies	48,612	1,279	1,279	51,170	35,056
Light, heat and power	41,262	1,086	1,086	43,434	52,232
Insurance	38,682	1,018	1,018	40,718	39,134
Real estate taxes	-	-	-	-	1,532
Scholarships	116,168	-	-	116,168	93,622
Transportation, trips, special events	62,016	-	-	62,016	73,180
Printing & postage	993	1,026	16,772	18,791	19,921
Supplies	15,170	3,740	-	18,910	14,860
Telephone and internet	4,644	581	581	5,806	5,236
Equipment maintenance	11,359	1,420	1,420	14,199	13,460
Professional fees	-	9,000	19,461	28,461	30,851
Data processing	-	2,116	-	2,116	2,024
Dues and publications	9,311	-	-	9,311	9,279
Employee background checks	-	6,372	-	6,372	610
Bank and credit card charges	9,278	123	3,800	13,201	13,730
Miscellaneous	4,164	2,442	857	7,463	14,680
Fundraising event expenses	<u>-</u>	<u>-</u>	<u>83,231</u>	<u>83,231</u>	<u>105,463</u>
TOTAL EXPENSES BEFORE DEPRECIATION	1,018,410	66,829	194,000	1,279,239	1,245,925
Depreciation	<u>120,685</u>	<u>4,124</u>	<u>4,124</u>	<u>128,933</u>	<u>129,898</u>
TOTAL EXPENSES	\$ <u>1,139,095</u>	\$ <u>70,953</u>	\$ <u>198,124</u>	\$ <u>1,408,172</u>	\$ <u>1,375,823</u>

See accompanying notes and auditors' report.

**THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
	\$ (355,491)	\$ 284,850
Increase (Decrease) in Net Assets		
Adjustments to Reconcile Increase (Decrease) in Net Assets to Cash Provided by (Used in) Operating Activities:		
Depreciation	128,933	129,898
(Unrealized gains) losses on investments	208,272	(248,301)
(Capital gains) losses on sale of investments	(838)	(85,520)
Donated securities included in support	(4,451)	(5,494)
(Increase) decrease in accounts receivable	8,006	606
(Increase) decrease in prepaid expenses	653	13,285
(Increase) decrease in loans and exchanges	-	757
(Increase) decrease in accrued interest receivable	417	(531)
Increase (decrease) in accrued expenses	(3,249)	5,961
Net Cash Provided by (Used in) Operating Activities	<u>(17,748)</u>	<u>95,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of marketable securities	427,975	410,826
Proceeds from redemption of corporate bond	50,000	50,000
Purchases of marketable securities	(315,432)	(529,934)
Purchases of Treasury obligations	(158,820)	(50,552)
Acquisition of property, plant and equipment	(29,130)	-
Net Cash Provided by (Used in) Investing Activities	<u>(25,407)</u>	<u>(119,660)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	<u>-0-</u>	<u>-0-</u>
NET INCREASE (DECREASE) IN CASH	(43,155)	(24,149)
CASH, BEGINNING OF YEAR	<u>644,485</u>	<u>668,634</u>
CASH, END OF YEAR	\$ <u>601,330</u>	\$ <u>644,485</u>

See accompanying notes and auditors' report.

THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Boys and Girls Club of Oyster Bay-East Norwich, an affiliate of the Boys and Girls Club of America since 1990, is a community organization providing recreational, cultural and educational activities for boys and girls, ages three to eighteen, residing within the boundaries of the Oyster Bay-East Norwich Central School District.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Boys and Girls Club of Oyster Bay-East Norwich has adopted Statements of Financial Accounting Standards Nos. 116, "Accounting for Contributions Received and Contributions Made," and 117, "Financial Statements of Not-for-Profit Organizations."

In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence or nature of any donor restrictions.

In accordance with SFAS 117, the Organization is required to classify information about its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and types of transactions affecting each category of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets:

Net assets that are not subject to donor-imposed restrictions, including the carrying value of all fixed assets, are classified as unrestricted net assets. Items that increase or decrease this net asset category include unrestricted contributions and gifts, and related expenses associated with the operations of the Organization. Changes also result from the receipt of other revenue, including program service fees, government grants, special fundraising events and any unrestricted investment income or loss.

See auditors' report.

THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted Net Assets:

Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or by the passage of time are classified as temporarily restricted net assets. Items that affect this net asset category are gifts for which restrictions have not been met and investment income restricted by the terms of the Organization's endowment fund.

Permanently Restricted Net Assets:

Net assets which, subject to donor-imposed restrictions, must be maintained permanently by the Organization are classified as permanently restricted net assets.

Contributions

Contributions are recorded on the accrual basis. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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 recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires in a year other than the year in which the contribution is recognized, permanently restricted or temporarily restricted net assets are reclassified to temporarily restricted or unrestricted net assets, respectively, and reported in the statement of activities as "net assets released from restriction."

Functional expenses

The cost of providing the Organization's programs and supporting services have been reported on a functional basis. Direct program costs have been recorded as such; certain other costs have been allocated between program costs and supporting services costs based on estimates made by management.

Federal income taxes

The Organization qualifies as a tax exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required in these financial statements.

See auditors' report.

THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – MARKETABLE SECURITIES AND INVESTMENTS IN US TREASURY OBLIGATIONS

In accordance with FSAS No.124, Accounting for Certain Investments Held by Not-For-Profit Organizations, marketable securities, corporate bonds and all investments in both short- and long-term US Treasury obligations are reported at their fair market values in the statement of financial position. Unrealized gains and losses in these investments are included in the statement of activities. Fair market values and unrealized appreciation at December 31, 2018 are summarized for all investments as follows:

	<u>Cost or Donated Value</u>	<u>Market Value</u>	<u>Unrealized Appreciation</u>
Marketable Securities Restricted by the			
Endowment Fund	\$ <u>1,482,023</u>	\$ <u>1,955,038</u>	\$ <u>473,015</u>
Corporate Bonds Restricted by the			
Endowment Fund	\$ <u>416,454</u>	\$ <u>416,105</u>	\$ <u>(349)</u>
	<u>Cost (net of premium or discount)</u>	<u>Market Value</u>	<u>Unrealized Appreciation</u>
US Treasury Obligations Restricted by			
the Endowment Fund	\$ <u>166,485</u>	\$ <u>168,377</u>	\$ <u>1,892</u>

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

Property, plant and equipment are recorded at cost, or for donated assets, at estimated fair value. Where assets are donated, the related donation is reported as unrestricted support unless the donor has restricted the donated asset as to a specific purpose. Depreciation of all assets is computed on a straight line basis over the estimated useful lives of each asset as follows:

Building	40 years
Computer and telephone equipment	5 years
Transportation equipment	5 years
Furniture and other equipment	7 years

See auditors' report.

THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (CONTINUED)

The carrying value of property, plant and equipment is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 910,697	\$ 910,697
Building and improvements	4,189,767	4,189,767
Computer and telephone equipment	181,418	181,418
Transportation equipment	100,432	100,432
Furniture and other equipment	<u>374,661</u>	<u>345,531</u>
	5,756,975	5,727,845
Less accumulated depreciation	<u>2,726,151</u>	<u>2,597,218</u>
	<u>\$ 3,030,824</u>	<u>\$ 3,130,627</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$128,933 and \$129,898 respectively.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2018 and 2017 consist entirely of assets of an endowment fund. This fund represents gifts which have been invested in various marketable securities, corporate bonds and US Treasury obligations. The donors of this endowment have stipulated that the corpus of the fund (which includes any investment income) may be expended annually by the Organization at a rate not to exceed 4 1/2% of the three year moving average of the value of the fund, calculated quarterly.

NOTE 5 - CONTRIBUTED SERVICES

During the years ended December 31, 2018 and 2017, the Organization received significant amounts of donated services from unpaid volunteers, including board members, who assisted in fundraising and other special projects. No amounts have been recognized in the statement of activities in these financial statements because the criteria for recognition under SFAS 116 have not been satisfied.

NOTE 6 - CASH FLOW INFORMATION

For purposes of the statement of cash flows, the Organization considers cash to be cash in checking and money market accounts, and certificates of deposit.

Supplemental data

Interest paid	\$ -0-
Income taxes paid	\$ -0-

See auditors' report.

THE BOYS AND GIRLS CLUB OF OYSTER BAY-EAST NORWICH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 - PENSION PLAN

The Boys and Girls Club of Oyster Bay-East Norwich offers its employees the opportunity to participate in a non-contributory 403(B) retirement plan designed to provide benefits for full-time employees who meet certain age and service requirements. Under the terms of the plan, the Organization contributes to employee accounts an amount equal to seven percent of the salary of each eligible employee. Pension plan expenses for the years ended December 31, 2018 and 2017 were \$ 30,116 and \$ 30,770 respectively.

See auditors' report.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Boys and Girls Club of Oyster Bay-East Norwich

We have audited the financial statements of the Boys and Girls Club of Oyster Bay-East Norwich as of and for the years ended December 31, 2018 and 2017 and issued our report thereon dated May 10, 2018 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Statement of Public Support and Revenues on the following page is presented for the purposes of additional analysis of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kenneth K. Dillenbeck CPA, PC
Locust Valley, NY 11560
May 8, 2019

**THE BOYS AND GIRLS CLUB OF OYSTER BAY EACH NORWICH
SCHEDULE OF PUBLIC SUPPORT AND REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>CONTRIBUTIONS</u>		
Fund Drive Contributions	\$ 62,403	\$ 50,909
Other Contributions	32,085	28,693
Foundation Grants	<u>193,000</u>	<u>165,000</u>
	<u>287,488</u>	<u>244,602</u>
<u>PROGRAM SERVICE FEES</u>		
Summer Program Fees	123,789	135,242
Before School Program Fees	63,886	66,834
After School Program Fees	250,683	252,418
Trip Fees	294	1,115
General Program Fees	44,021	47,866
Bus Pass Fees	<u>994</u>	<u>1,477</u>
	<u>483,667</u>	<u>504,952</u>
<u>GOVERNMENT GRANTS</u>		
Community Development Grant	12,000	12,000
New York State Alliance Nutrition Grant	<u>9,917</u>	<u>13,639</u>
	<u>21,917</u>	<u>25,639</u>
<u>SPECIAL FUNDRAISING EVENTS</u>		
Gala Benefit	229,716	309,482
Golf Tournament	114,202	121,942
Holiday Lunch	26,146	39,147
Miscellaneous Fundraisers	<u>3,045</u>	<u>4,274</u>
	<u>373,109</u>	<u>474,845</u>
<u>INVESTMENT INCOME</u>		
Interest & dividends	86,162	76,814
Capital Gains (Losses)	838	85,520
Unrealized Gains (Losses) on Investments	<u>(208,272)</u>	<u>248,301</u>
	<u>(121,272)</u>	<u>410,635</u>
<u>MISCELLANEOUS REVENUE</u>		
Miscellaneous Income	<u>7,772</u>	<u>-</u>
TOTAL REVENUES	\$ <u>1,052,681</u>	\$ <u>1,660,673</u>

See accompanying notes and auditors' report.