

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2014

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

December 31, 2014

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Boys & Girls Clubs of Santa Barbara County
Santa Barbara, California

We have audited the accompanying financial statements of United Boys & Girls Clubs of Santa Barbara County (a non-profit organization), which comprise the statement of 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 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.

Opinion

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

Report on Summarized Comparative Information

We have previously audited the United Boys and Girls Clubs of Santa Barbara County's financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McGowan Guntermann

May 27, 2015

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

STATEMENT OF FINANCIAL POSITION
December 31, 2014
(With Comparative Totals for December 31, 2013)

ASSETS		2014	(Memo) 2013
CURRENT ASSETS			
Cash	\$	112,897	\$ 190,162
Accounts receivable		84,043	3,813
Grants receivable		55,852	65,710
Pledges receivable land lease, current portion		322,704	213,128
Prepaid expenses		35,201	27,974
Deposits		32,365	3,041
Total Current Assets		<u>643,062</u>	<u>503,828</u>
INVESTMENTS		<u>6,378</u>	<u>14,327</u>
PROPERTY AND EQUIPMENT			
Buildings and improvements		123,999	98,822
Leasehold improvements		4,876,388	4,767,498
Equipment and furniture		345,294	264,865
Automobiles		260,632	283,773
Construction in progress		3,176	36,672
		<u>5,609,489</u>	<u>5,451,630</u>
Less: Accumulated depreciation		<u>(3,109,066)</u>	<u>(3,011,931)</u>
Net Property and Equipment		<u>2,500,423</u>	<u>2,439,699</u>
OTHER ASSETS			
Pledges receivable land lease, net of current portion		2,335,070	1,696,415
Other investments		4,750	3,550
Total Other Assets		<u>2,339,820</u>	<u>1,699,965</u>
TOTAL ASSETS		<u>\$ 5,489,683</u>	<u>\$ 4,657,819</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	251,673	\$ 223,197
Deferred revenue		29,007	20,396
Line of credit		-	149,976
Notes payable, current portion		107,448	8,575
Total Current Liabilities		<u>388,128</u>	<u>402,144</u>
Notes payable, net of current portion		<u>156,503</u>	<u>30,058</u>
Total Liabilities		<u>544,631</u>	<u>432,202</u>
NET ASSETS			
Unrestricted		2,061,452	2,034,808
Temporarily restricted		2,783,600	2,090,809
Permanently restricted		100,000	100,000
Total Net Assets		<u>4,945,052</u>	<u>4,225,617</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 5,489,683</u>	<u>\$ 4,657,819</u>

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

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2014

(With Comparative Totals for the Year Ended December 31, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	(Memo) 2013 Total
REVENUE, GAINS, AND OTHER SUPPORT					
General public support	\$ 602,780	\$ 2,000	\$ -	\$ 604,780	\$ 551,616
General public support - in kind	-	995,891	-	995,891	1,778,236
Foundations and trusts	385,885	93,510	-	479,395	668,410
Government grants	469,489	-	-	469,489	577,601
Special events (net of expenses of \$217,790 and \$157,093)	466,025	-	-	466,025	314,954
Program service income	914,324	-	-	914,324	890,131
Membership dues	66,847	-	-	66,847	32,669
Rental income	151,366	-	-	151,366	103,074
Other income	18,235	-	-	18,235	21,489
Gain on disposal of assets	11,901	-	-	11,901	26,925
Investment income	677	-	-	677	634
Unrealized gain (loss) on investments	(7,065)	-	-	(7,065)	3,058
Net assets released from restrictions	398,610	(398,610)	-	-	-
Total Revenue, Gains, and Other Support	<u>3,479,074</u>	<u>692,791</u>	<u>-</u>	<u>4,171,865</u>	<u>4,968,797</u>
EXPENSES					
Program services	3,128,004	-	-	3,128,004	3,289,097
Management and general	168,386	-	-	168,386	265,353
Fundraising	156,040	-	-	156,040	200,640
Total Expenses	<u>3,452,430</u>	<u>-</u>	<u>-</u>	<u>3,452,430</u>	<u>3,755,090</u>
CHANGE IN NET ASSETS	26,644	692,791	-	719,435	1,213,707
NET ASSETS, JANUARY 1	<u>2,034,808</u>	<u>2,090,809</u>	<u>100,000</u>	<u>4,225,617</u>	<u>3,011,910</u>
NET ASSETS, DECEMBER 31	<u>\$ 2,061,452</u>	<u>\$ 2,783,600</u>	<u>\$ 100,000</u>	<u>\$ 4,945,052</u>	<u>\$ 4,225,617</u>

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

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

(With Comparative Totals for the Year Ended December 31, 2013)

	Program Services			Support Services			(Memo)	
	Program	Program	Total	Management	Fundraising	Total	2014	2013
	North County	South County		and General			Total	Total
es	\$ 663,633	\$ 784,279	\$ 1,447,912	\$ 40,463	\$ 94,933	\$ 135,396	\$ 1,583,308	\$ 1,716,440
	110,913	138,455	249,368	7,485	18,702	26,187	275,555	325,236
	80,632	122,543	203,175	33,953	26,796	60,749	263,924	239,181
	137,704	100,370	238,074	283	-	283	238,357	237,441
	678	1,032	1,710	12,476	6,666	19,142	20,852	30,620
	61,532	92,150	153,682	28,028	39	28,067	181,749	238,463
	76,596	373,895	450,491	-	-	-	450,491	524,743
	29,684	52,975	82,659	2,205	-	2,205	84,864	84,101
	-	-	-	781	4,761	5,542	5,542	6,358
	9,355	28,433	37,788	1,732	6	1,738	39,526	52,046
	-	-	-	1,629	93	1,722	1,722	1,477
ions	27,076	42,635	69,711	3,860	3,469	7,329	77,040	71,047
	8,114	9,719	17,833	1,679	575	2,254	20,087	15,574
	-	-	-	14,134	-	14,134	14,134	21,093
	-	3,357	3,357	18,846	-	18,846	22,203	21,316
	<u>29,341</u>	<u>142,903</u>	<u>172,244</u>	<u>832</u>	<u>-</u>	<u>832</u>	<u>173,076</u>	<u>169,954</u>
	<u>\$ 1,235,258</u>	<u>\$ 1,892,746</u>	<u>\$ 3,128,004</u>	<u>\$ 168,386</u>	<u>\$ 156,040</u>	<u>\$ 324,426</u>	<u>\$ 3,452,430</u>	<u>\$ 3,755,090</u>
)	<u>\$ 1,229,600</u>	<u>\$ 2,059,497</u>	<u>\$ 3,289,097</u>	<u>\$ 265,353</u>	<u>\$ 200,640</u>	<u>\$ 465,993</u>		<u>\$ 3,755,090</u>

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

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

(With Comparative Totals for the Year Ended December 31, 2013)

	2014	(Memo) 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 719,435	\$ 1,213,707
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	173,076	169,954
Donated stock	-	(5,150)
Unrealized loss on value of securities	7,065	-
Realized gains on sale of securities	(8,401)	-
Gain on sale of fixed assets	(3,500)	(29,983)
Decrease (increase) in accounts receivable	(80,230)	3,673
Decrease in grants receivable	9,858	2,431
Decrease in pledges receivable	-	72,231
Increase in pledges receivable land lease	(748,231)	(1,413,223)
Increase in prepaid expenses	(7,227)	(9,789)
Increase in deposits	(30,524)	(724)
Increase in accounts payable and accrued liabilities	28,476	67,755
Increase in deferred revenue	8,611	8,396
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>68,408</u>	<u>79,278</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(186,661)	(86,941)
Proceeds from sale of property and equipment	14,600	475,000
Purchase of securities	(4,861)	-
Proceeds from sale of securities	14,146	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(162,776)</u>	<u>388,059</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	145,063	37,370
Payments on notes payable	(127,960)	(581,761)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>17,103</u>	<u>(544,391)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(77,265)</u>	<u>(77,054)</u>
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>190,162</u>	<u>267,216</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 112,897</u>	<u>\$ 190,162</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for interest	\$ 14,134	\$ 21,092
Contributed land lease pledge for properties	\$ 995,891	\$ 1,778,236
Short term note payable converted to long-term-debt	\$ 149,976	\$ -
Non-cash acquisition of property and equipment	\$ 66,689	\$ -

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

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1 – ORGANIZATION

United Boys & Girls Clubs of Santa Barbara County (the Club), a non-profit organization, was incorporated in 1981. The Club provides a safe environment for children to develop self-esteem, values and skills. They provide a place, professional staff and programs for athletics, games, learning computer skills, after school day care, and various other activities that benefit children in the cities of Goleta, Santa Barbara, Lompoc and Carpinteria, California. The Club also runs Camp Whittier, which is a campground that is available for use by the various clubs.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Club have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, amounts in checking, savings, money market accounts, and certificates of deposit with maturities of 90 days or less.

Investments

Investments in marketable securities with readily determinable fair values and all investments in marketable debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Donated securities are recorded at their estimated value at date of receipt.

Donated Services

The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Club's fund-raising campaigns and programs. The extent that contributions of materials and services are made under the control of the Club are objectively measurable, and represent program or support expenditures which would otherwise be incurred by the Club's personnel, they are reflected in both public support and program expense in the accompanying financial statements. For 2014 there are no donated services that were specialized.

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair market value at the time of the donation. It is management's policy to capitalize certain purchases and donations with a useful life greater than one year and a value greater than \$500.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Building and improvements	30 - 40 Years
Leasehold improvements	4 - 40 Years
Furniture and equipment	3 - 10 Years
Vehicles	3 - 7 Years

Depreciation expense for the year ended December 31, 2014 was \$173,076.

Deferred Revenue

Deferred revenue represents an advance of rent and camp fees to be earned after December 31, 2014.

Financial Statement Presentation

In accordance with generally accepted accounting principles, the Club is required to report 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

Unrestricted net assets consist of funds free of any donor-imposed restrictions and which the governing board has discretionary control for use in carrying out the general operations of the Club.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions and other inflows of funds temporarily subject to donor-imposed restrictions. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Club that fulfill donor stipulations. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions".

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Club. The income from the permanently restricted net assets can be used to support the Club's general activities and are reported with unrestricted amounts on the statement of activities.

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Club reports the support as unrestricted.

Functional Expenses

The Club allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Tax Exempt Status

The Club is a California nonprofit corporation, which is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and State of California Revenue and Taxation Code Section 23701(d); therefore, no provision for income taxes is required. The Club is not considered to be a private foundation.

The Club evaluates uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2014, the Club had no uncertain tax positions requiring accrual.

The Club files tax returns in California and U.S. federal jurisdictions. The Foundation is no longer subject to U.S. federal, state and local tax examinations by tax authorities for years before 2011 and 2010, respectively.

Subsequent Events

The Club has evaluated subsequent events through May 27, 2015, the date which the financial statements were available to be issued.

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 3 – PLEDGES RECEIVABLE LAND LEASES

The Club has entered into long-term non-cancelable leases of the Goleta, Westside and Lompoc properties at a cost below the lease's fair market value. The difference between fair value and the cost to the Club represents an in-kind donation of rented buildings and land. The present value of donated space to be used in future periods is recorded as a pledge receivable as of December 31, 2014 of \$2,657,874. The current portion to be received within one year is \$322,704. As the lease is non-cancelable and the amount of the lease charges is fixed, no provision has been made for uncollectible pledges receivable.

Recognition of all pledges receivable for the next five years ending December 31 and after is expected to be as follows:

2015	\$	322,704
2016		322,704
2017		309,852
2018		297,000
2019		297,000
Thereafter		<u>2,086,128</u>
Total		3,635,388
	Discount to reduce present value	<u>(977,514)</u>
	Total present value of pledges receivable	<u>\$ 2,657,874</u>

The fair market value of the in-kind rent expense for the year ended December 31, 2014 is:

City of Goleta	\$	162,000
City of Santa Barbara		76,795
County of Santa Barbara		25,704
Carpinteria Boys and Girls Club Foundation		135,000
Bureau of Reclamation		<u>50,892</u>
Total	\$	<u>450,391</u>

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 4 – INVESTMENTS

As of December 31, 2014, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Equities	\$ 4,853	\$ 6,378	\$ 1,525
Total	<u>\$ 4,853</u>	<u>\$ 6,378</u>	<u>\$ 1,525</u>

The following summarizes the net change in unrealized gain on investments:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Balance at end of the year	\$ 4,853	\$ 6,378	\$ 1,525
Balance at beginning of the year	<u>5,737</u>	<u>14,327</u>	<u>8,590</u>
Net change in unrealized gain			<u>\$ (7,065)</u>

The following summarizes the investment return included in the statement of activities for the year ended December 31, 2014.

Interest and dividend income	\$ 677
Realized gain on value of securities	8,401
Unrealized loss on value of securities	(7,065)
Investment fees	<u>(50)</u>
Total Investment Return	<u>\$ 1,963</u>

Note 5 – LEASES

The Club leases various facility spaces located on land from the Goleta School District, the City of Santa Barbara, County of Santa Barbara, City of Lompoc and the Carpinteria Boys and Girls Club Foundation for the sole consideration of annual rent of \$1 per year for all leases. The leases expire in December 2033, August 2014, August 2050, June 2017 and March 2021, respectively. The sole consideration for the use of the land is the operation of the Club. The lease with the City of Santa Barbara expired August 2014. The Club rents month to month as the lease is negotiated.

The Club leases land for Camp Whittier from the Bureau of Reclamation, expiring January 2037. Certain conditions exist on the lease and therefore not recorded as a long-term pledge receivable. Contribution revenue is recorded for the current year only.

The Club pays monthly rent for the administrative office location in the amount of \$2,000 as of December 31, 2014. There are no future scheduled increases. The lease expires June 30, 2016.

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 5 – LEASES (continued)

The Club pays monthly rent for the child care location to UC Regents in the amount of \$2,594 as of December 31, 2014. There are no future scheduled increases. The lease expires June 15, 2017.

The Club also leases copier and fax machines under non-cancelable operating leases through February 2018. Monthly rent on the leases is \$1,767 as of December 31, 2014.

Total rent expense for the year ended December 31, 2014 totaled \$74,440.

The future minimum lease payments for the non-cancelable leases are as follows for the years ending December 31:

2015	\$	74,100
2016		61,209
2017		30,486
2018		820
Total	\$	<u>166,615</u>

Note 6 – NOTES PAYABLE

The Club has an unsecured note payable to Hutton Foundation in the amount of \$27,949 as of December 31, 2014. Monthly payments are \$593 with interest rate of 4.50% per annum, due April 1, 2019.

The Club has a note payable secured by a vehicle in the amount of \$2,077 as of December 31, 2014. Monthly payments are \$266 with interest rate of 8.00% per annum, due August 5, 2015.

The Club has an unsecured note payable to Carpinteria Boys and Girls Club Foundation, Inc. in the amount of \$20,000 as of December 31, 2014. There are no monthly payments, balance due in full by December 31, 2015 with interest rate of 10.00% per annum.

The Club had an unsecured line of credit with Montecito Bank and Trust converted to an unsecured note payable in the amount of \$149,976 on March 15, 2014 with a balance of \$132,623 as of December 31, 2014. Monthly payments are \$2,924 with interest rate of 6.25% per annum, due March 15, 2015. Subsequent to December 31, 2014 the note was extended to March 15, 2019. The new monthly payments are \$3,026 with interest rate of 6.25% per annum.

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6 – NOTES PAYABLE (continued)

The Club has unsecured notes payable to two board members in the amount of \$81,302 as of December 31, 2014. There are no monthly payments scheduled, balances are due in full by December 31, 2015 with interest rate of 3.66% per annum.

Note balances	\$ 263,951
Less current portion	(107,448)
Long-term portion	<u>\$ 156,503</u>

The future minimum principal payments on the notes are as follows in the years ending December 31:

2015	\$ 107,448
2016	59,567
2017	41,458
2018	41,234
2019	<u>14,244</u>
Total	<u>263,951</u>

Note 7 – RELATED PARTY TRANSACTIONS

The Club borrowed money from two board members to finance costs of operations in the form of notes payable. As of December 31, 2014, the balance due to the members totaled \$81,302. No monthly payments are scheduled and each note carries an interest rate of 3.66% per annum. Total interest paid to related parties for the year ended December 31, 2014 was \$281.

Note 8 – NET ASSETS

As of December 31, 2014, temporarily restricted net assets consist of the following:

Donated Land Leased for Operations	\$ 2,657,772
Camp Whittier	28,010
Westside Club	17,806
Carpinteria Club	64,512
Goleta Gym Repairs	500
Campus Point	<u>15,000</u>
Total Temporarily restricted net assets	<u>\$ 2,783,600</u>

Permanently restricted net assets as of December 31, 2014, consists of contributions and pledges, invested in perpetuity with the income available for general operations. In prior years the Club borrowed \$100,000 from the investments of the permanently restricted net assets, which is allowable under the pledge agreement.

UNITED BOYS & GIRLS CLUBS OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 9 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors. For 2014, the passage of time restrictions resulted in net assets released from restriction of \$398,610.

Note 10 – OTHER INVESTMENTS

Other investments consist of donated interests in timeshares which were valued at the time of donation at an estimated fair market price less any estimated selling expenses.

Note 11 – RETIREMENT PLAN

In 1994, the Club adopted a defined contribution plan sponsored by Boys and Girls Clubs of America, Inc. under which the clubs will be contributing up to 10% of participants' compensation. Effective December 1, 2003 the contribution percentage was decreased to 3%. This plan covers employees who have been employed for one year, have attained the age of twenty-one, and has worked 1,000 hours. Pension expense for the year ended December 31, 2014 was \$18,005.

Note 12 - RECLASSIFICATION

Certain amounts from the December 31, 2013 financial statements have been reclassified to conform to the December 31, 2014 financial statement presentation.

Note 13 – SUBSEQUENT EVENTS

On May 19, 2015, the Club signed a lease agreement with the City of Santa Barbara. The lease expires May 18, 2018, and calls for the sole consideration of annual rent of \$1 per year.