BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boys & Girls Club of Greater Lowell, Inc.
657 Middlesex Street
Lowell, MA 01851

We have audited the accompanying financial statements of Boys & Girls Club of Greater Lowell, Inc., which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 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 Greater Lowell, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Shannon, Cullen & Associates LLC

Shannon, Cullen & Associates, LLC
Chelmsford, MA
February 8, 2018

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 and 2016

ASSETS

	2017	2016
Current Assets		
Cash	$ 126,810	$ 68,264
Accounts Receivable	105,349	82,751
Prepaid Expenses	17,579	19,714
Total Current Assets	249,738	170,729
Investments (Note 2)	551,639	510,518
Property and Equipment (Note 3)		
Land	133,018	133,018
Building and Improvements	2,875,982	2,819,168
Motor Vehicles	27,160	27,160
Furniture and Equipment	470,736	370,591
Total Property and Equipment	3,506,896	3,349,937
Less: Accumulated Depreciation	(2,517,774)	(2,452,524)
Property and Equipment - Net	989,122	897,413
TOTAL ASSETS	$ 1,790,499	$ 1,578,660

Exhibit A

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 and 2016

LIABILITIES

	2017	2016
Current Liabilities		
Mortgage Payable - Due on Demand (Note 5)	$ 131,211	$ 136,440
Accounts Payable - Trade	96,256	38,399
Accrued Liabilities	96,307	98,296
Unearned Revenue	7,594	19,626
Demand Note Payable (Note 4)	72,000	85,000
Notes Payable (Note 6)	11,098	14,704
Total Current Liabilities	414,466	392,465

NET ASSETS

Unrestricted	1,303,145	1,123,156
Permanently Restricted	72,888	63,039
Total Net Assets	1,376,033	1,186,195

TOTAL LIABILITIES & NET ASSETS	$ 1,790,499	$ 1,578,660

See Accompanying Notes to the Financial Statements

Exhibit B

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

	Unrestricted	Permanently Restricted	2017	2016
Public Support and Revenue:				
Public Support:				
Contributions-General	$ 261,608	$ 17,475	$ 279,083	$ 190,198
Special Events	503,201	-	503,201	442,527
Grants	947,417	-	947,417	807,984
Bequests	104,226	-	104,226	21,787
Merrimack Valley United Fund, Inc.	41,532	-	41,532	45,163
Total Public Support	1,857,984	17,475	1,875,459	1,507,659
Revenue:				
Membership Dues	59,368	-	59,368	47,706
Investment Income	11,028	251	11,279	1,668
Program Service Fees	3,811	-	3,811	3,642
Rental Income	52,432	-	52,432	45,604
Miscellaneous Income	1,661	-	1,661	1,618
Total Revenue	128,300	251	128,551	100,238
Total Public Support and Revenue	1,986,284	17,726	2,004,010	1,607,897
Expenses:				
Program Services: (Schedule II)				
Academic Success	434,380	500	434,880	474,940
Healthy Lifestyles	610,522	500	611,022	437,055
Good Character and Citizenship	256,623	500	257,123	338,706
Total Program Services	1,301,525	1,500	1,303,025	1,250,701
Support Service (Schedule III)				
Management and General	206,284	-	206,284	261,982
Development	365,899	-	365,899	317,155
Total Support Services	572,183	-	572,183	579,137
Total Expenses	1,873,708	1,500	1,875,208	1,829,838
Change in Net Assets	112,576	16,226	128,802	(221,941)
Net Assets - Beginning of Year	1,123,156	63,039	1,186,195	1,377,988
Transfers Within Funds	6,377	(6,377)	-	-
Unrealized Gain (Loss) on Investments	61,036	-	61,036	30,148
Net Assets - End of Year	$ 1,303,145	$ 72,888	$ 1,376,033	$ 1,186,195

See Accompanying Notes to the Financial Statements

Exhibit C

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

	2017	2016
Cash Flows Used By Operating Activities		
Change in Net Assets	$ 128,802	$(221,941)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	65,250	63,997
(Increase) Decrease in Assets:		
Accounts Receivable	(22,598)	(12,805)
Prepaid Expenses	2,135	932
Increase (Decrease) in Liabilities:		
Accounts Payable	57,857	(1,110)
Accrued Liabilities	(1,989)	50,252
Unearned Revenue	(12,032)	2,889
Net Cash Flows (Used By) Provided by Operating Activities	217,425	(117,786)
Cash Flows Provided By Investing Activities		
Unrealized Loss on Investment Securities	61,036	30,148
Proceeds from Investments - Net	(41,121)	55,147
Purchase of Property and Equipment	(156,959)	(50,000)
Net Cash Flows Provided By (Used By) Investing Activities	(137,044)	35,295
Cash Flows Provided By Financing Activities		
Payment on Demand Notes Payable - Net of Advances	(16,606)	81,492
Payment on Mortgage	(5,229)	(5,396)
Net Cash Flows Provided By Financing Activities	(21,835)	76,096
Net Increase (Decrease) in Cash	58,546	(6,395)
CASH - BEGINNING	68,264	74,659
CASH - ENDING	$ 126,810	$ 68,264

See Accompanying Notes to the Financial Statements

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Boys & Girls Club Of Greater Lowell, Inc. is a non-profit organization which provides services primarily to promote the health, social, educational, vocational and character development of the youth in the Greater Lowell Area.

Method of Accounting

The financial statements of the Boys & Girls Club of Greater Lowell, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions are reported as unrestricted net assets, if the restriction expires in the same year that the contribution was made. There are no temporarily restricted net assets at December 31, 2017 or 2016.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

As permitted by this Statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets.

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

Fixed Assets & Depreciation

Expenditures for property and equipment including significant renewals and betterments are capitalized at cost; donated assets are capitalized at the fair market value at date of receipt and are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on the straight-line, accelerated, and double-declining balance methods over the estimated useful lives of the various assets. Costs of repairs and maintenance are charged to expense. Depreciation expense was $65,250 and $63,997 for the years ended December 31, 2017 and 2016, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for federal income taxes in the accompanying financial statements.

Contributed Services

No amounts have been reflected in the financial statements for donated services; no objective basis is available to measure the value of such services. However, a substantial number of volunteers (estimated at over 500 by management) have donated significant amounts of their time in the Organization's program services and in its fund raising campaigns.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising

The organization expenses all advertising costs as incurred.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fair Value of Financial Instruments

The Organization follows the provisions of ASC 820-10, "*Fair Value Measurements and Disclosures.*" ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy consisting of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair vale hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

ASC 820-10, "*Fair Value Measurement and Disclosures,*" permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Organization has not adopted any of the additional fair value options allowed in the standard.

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 2 - INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2017 are as follows:

	Level 1	Level 2	Level 3
Short-term Investments			
Cash and Cash Investments	$ 23,016	$ -	$ -
Long-term Investments			
CSV-Life Insurance	23,165	-	-
Equities	314,406	-	-
Alternatives	37,332	-	-
Fixed Income-Taxable	153,720	-	-
Total long-term Investments	528,623	-	-
Total Investments	$ 551,639	$ -	$ -

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2016 are as follows:

	Level 1	Level 2	Level 3
Short-term Investments			
Cash and Cash Investments	$ 23,226	$ -	$ -
Long-term Investments			
CSV-Life Insurance	23,444	-	-
Equities	315,772	-	-
Fixed Income-Taxable	148,076	-	-
Total long-term Investments	487,292	-	-
Total Investments	$ 510,518	$ -	$ -

Note 2 - INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

Investment return on cash equivalents and investments consists of the following for the years ended December 31, 2017 and 2016:

	2017	2016
Interest and Dividends	$ 11,085	$ 9,649
Realized (Losses) Gains	194	(7,981)
Unrealized Gains (Losses)	61,036	30,148
Total	$ 72,315	$ 31,816

Note 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	December 31, 2017		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 133,018	$ -	$ 133,018
Buildings	2,875,982	2,144,015	731,967
Motor Vehicles	27,160	17,870	9,290
Furniture and Equipment	470,736	355,889	114,847
Total	$ 3,506,896	$ 2,517,774	$ 989,122

	December 31, 2016		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 133,018	$ -	$ 133,018
Buildings	2,819,168	2,098,872	720,296
Motor Vehicles	27,160	11,678	15,482
Furniture and Equipment	370,591	341,974	28,617
Total	$ 3,349,937	$ 2,452,524	$ 897,413

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 4 - DEMAND NOTES PAYABLE - BANK

The Organization has available a $500,000 line-of-credit with a certain Bank, with an interest rate of 4.00% at December 31, 2017. The line of credit is secured by certain investment accounts. The balance was $72,000 and $85,000 at December 31, 2017 and 2016.

Note 5 - MORTGAGE PAYABLE - DUE ON DEMAND

	2017	2016
The Organization has a mortgage payable in monthly installments of $833, including principal and interest. The note bears interest at a rate of 4.01% through April 2022. The rate will be reviewed then and every five years thereafter and adjusted to 1.75% over the Federal Home Loan Bank Boston classic advance five year rate. This note is secured by real estate at 657 Middlesex Street and is payable on demand	$ 131,211	$ 136,440
Balance December 31, ...	131,211	136,440
Less: Current Maturities	(131,211)	(136,440)
Long-Term Portion	$ -	$ -

Note 6 - Notes Payable

Installment note payable to a finance company at 2.74% interest, payable in monthly installments of $330, due November 2020, secured by motor vehicle		
Balance December 31, ...	$ 11,098	$ 14,704

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 7 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of scholarship fund investments to be held indefinitely, the income from which is expendable to support the Organization's program services. Balances of the funds at December 31, 2017 and 2016 are as follows:

	2017	2016
W.M. Vrettas Scholarship Fund	$ 26,414	$ 28,674
J.D. Glazebrook Scholarship Fund	5,117	5,739
Arthur Koumantzelis Scholarship Fund	18,949	22,028
G. Laverty Memorial Fund	5,413	6,598
E. Andre Community Service Award Fund	4,508	-
C. Hungler Have An Awesome Day Fund	12,487	-
Total	$ 72,888	$ 63,039

Note 8 - PENSION PLAN

The Organization has a non-contributory trusted pension plan covering eligible employees. The contribution by the Organization to the pension trust amounted to $20,792 and $76,766 for the years ended December 31, 2017 and 2016, respectively. The retirement plan, to which the Organization contributes, is a multi-employer plan and the separate actuarial valuations are not readily available with respect to each participating organization. In 2017, the Organization performed a self-audit on all years in which the pension plan was in place. The Organization has determined that there was additional liability due current and former employees related to the Organizations' contribution. These amounts were added to the expense for the prior year.

Note 9 - SUPPLEMENTAL DISCLOSURE REGARDING CASH FLOWS

Operating activities reflect interest paid of $13,030.

Note 10 - SUBSEQUENT EVENTS

FASB ASC 855-10 *Subsequent Events* defines further disclosure requirements for events that occur after the balance sheet date but before financial statements are issued. In accordance with FASB ASC 855-10, the Organizations management has evaluated events subsequent from January 1, 2018 to February 8, 2018 which is the issuance date of this report. There have been no material events noted during this period that would either impact the results reflected in this report or results going forward.

Schedule I

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Program Expenses	Support Expenses	2017 Grand Total	2016 Grand Total
Salaries and Wages	$ 670,053	$ 240,900	$ 910,953	$ 805,477
Payroll Taxes	59,689	21,550	81,239	71,738
Employee Benefits	53,156	23,749	76,905	126,372
Program Supplies and Expense	209,761	-	209,761	204,430
Repairs and Maintenance	58,595	9,725	68,320	80,475
Utilities	51,953	10,672	62,625	63,418
Telephone	12,231	9,500	21,731	16,663
Office Supplies and Expense	8,850	18,515	27,365	17,664
Advertising and Community Relations	-	13,670	13,670	14,681
Transportation	14,688	-	14,688	15,264
Professional Fees	11,403	86,043	97,446	106,865
Conferences and Conventions	11,326	6,290	17,616	13,966
Interest	11,362	1,668	13,030	9,617
Membership Dues	11,355	1,667	13,022	13,284
Insurance	56,169	8,245	64,414	62,122
Product Sales	4,035	-	4,035	4,599
Special Events	-	108,668	108,668	118,067
Awards & Grants	1,500	-	1,500	2,500
Miscellaneous	-	2,970	2,970	18,639
Total Expenses Before Depreciation	1,246,126	563,832	1,809,958	1,765,841
Depreciaton of Property and Equipment	56,899	8,351	65,250	63,997
TOTAL FUNCTIONAL EXPENSES	$ 1,303,025	$ 572,183	$ 1,875,208	$ 1,829,838

Schedule II

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

STATEMENT OF PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Academic Success	Healthy Lifestyles	Good Character and Citizenship	Total
Salaries and Wages	$ 276,687	$ 236,195	$ 157,171	$ 670,053
Payroll Taxes	24,766	21,069	13,854	59,689
Employee Benefits	23,737	23,144	6,275	53,156
Program Supplies and Expense	26,045	170,980	12,736	209,761
Repairs and Maintenance	12,767	38,638	7,190	58,595
Utilities	11,320	34,258	6,375	51,953
Telephone/Internet/Technology	4,077	4,077	4,077	12,231
Office Supplies and Expense	2,950	2,950	2,950	8,850
Transportation	4,896	4,896	4,896	14,688
Professional & Outside Services	3,801	3,801	3,801	11,403
Conferences and Conventions	3,829	3,849	3,648	11,326
Interest	3,254	5,293	2,815	11,362
Membership Dues	3,785	3,785	3,785	11,355
Insurance	18,723	18,723	18,723	56,169
Product Sales	1,345	1,345	1,345	4,035
Awards and Grants	500	500	500	1,500
Total Expenses Before Depreciation	422,482	573,503	250,141	1,246,126
Depreciation of Property and Equipment	12,398	37,519	6,982	56,899
TOTAL FUNCTIONAL EXPENSES	$ 434,880	$ 611,022	$ 257,123	$ 1,303,025

Schedule III

BOYS & GIRLS CLUB OF GREATER LOWELL, INC.

STATEMENT OF SUPPORT EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Management and General	Development	Total
Salaries and Wages	$ 99,170	$ 141,730	$ 240,900
Payroll Taxes	9,729	11,821	21,550
Employee Benefits	14,655	9,094	23,749
Repairs and Maintenance	9,187	538	9,725
Utilities	10,195	477	10,672
Telephone/Internet/Technology	5,759	3,741	9,500
Office Supplies and Expense	12,197	6,318	18,515
Advertising and Community Relations	3,142	10,528	13,670
Professional & Outside Services	16,038	70,005	86,043
Conferences and Conventions	4,556	1,734	6,290
Interest	1,564	104	1,668
Membership Dues	1,563	104	1,667
Insurance	7,730	515	8,245
Special Events & Fundraising	-	108,668	108,668
Miscellaneous	2,969	-	2,969
Total Expenses Before Depreciation	198,454	365,377	563,831
Depreciation of Property and Equipment	7,830	522	8,352
TOTAL FUNCTIONAL EXPENSES	$ 206,284	$ 365,899	$ 572,183