**BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

**KPMG LLP**
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

# Independent Auditors' Report

The Board of Governors
Boys & Girls Clubs of America:

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of America and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the subsidiary alliance organizations, which statements reflect total assets constituting 3 percent and 2 percent, respectively, of consolidated total assets at December 31, 2013 and 2012, total revenues constituting 20 percent and 16 percent, respectively, of consolidated total revenues for the years then ended, and total change in net assets constituting less than 1 percent of consolidated total change in net assets for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to as, and our opinion, insofar as it relates to the amounts included for the subsidiary alliance organizations, is based solely on the reports of the other auditors. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

**Opinion**

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boys & Girls Clubs of America and its subsidiaries as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional 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 consolidated financial statements as a whole.

KPMG LLP

Atlanta, Georgia
August 22, 2014

**BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES**

Consolidated Statements of Financial Position

December 31, 2013 and 2012

| **Assets** | | **2013** | **2012** |
|---|---|---|---|
| Cash and cash equivalents | $ | 19,436,388 | 11,708,459 |
| Investments (notes 2 and 17) | | 279,643,242 | 256,931,380 |
| Assets held in custody for others (notes 2 and 15) | | 12,824,492 | 11,788,799 |
| Membership dues and grants receivable, net | | 9,795,496 | 8,671,524 |
| Contributions receivable, net (note 3) | | 69,050,705 | 55,099,877 |
| Assets held in deferred compensation accounts (notes 6 and 17) | | 1,677,521 | 1,407,424 |
| Split interest agreements | | 3,818,028 | 3,804,226 |
| Land, buildings, and equipment, net (note 4) | | 26,262,353 | 26,849,524 |
| Other assets | | 2,045,583 | 2,013,819 |
| Total assets | $ | 424,553,808 | 378,275,032 |
| **Liabilities and Net Assets** | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | $ | 23,045,502 | 19,766,328 |
| Obligations for custodial funds (note 15) | | 12,824,492 | 11,788,799 |
| Liability under deferred compensation agreements (note 6) | | 1,677,521 | 1,407,424 |
| Annuities payable | | 2,497,305 | 2,297,679 |
| Bonds payable (notes 16 and 17) | | 4,375,000 | 4,781,250 |
| Total liabilities | | 44,419,820 | 40,041,480 |
| Net assets: | | | |
| Unrestricted: | | | |
| Undesignated (note 7) | | 3,058,996 | 3,401,010 |
| Board-designated (notes 5, 7, 11 and 12) | | 177,378,274 | 160,611,309 |
| | | 180,437,270 | 164,012,319 |
| Temporarily restricted (notes 9 and 12) | | 165,929,607 | 140,754,624 |
| Permanently restricted (note 12) | | 33,767,111 | 33,466,609 |
| Total net assets | | 380,133,988 | 338,233,552 |
| Commitments (notes 5, 6, 14, 15, 16, and 18) | | | |
| Total liabilities and net assets | $ | 424,553,808 | 378,275,032 |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES**

Consolidated Statement of Activities

Year ended December 31, 2013

| | Unrestricted | | | | | Total | |
|---|---|---|---|---|---|---|---|
| | Undesignated | Board-designated | Total unrestricted | Temporarily restricted | Permanently restricted | 2013 | 2012 |
| Changes in net assets: | | | | | | | |
| Revenue, gains, and other support: | | | | | | | |
| Contributions | $ 6,017,814 | 265,887 | 6,283,701 | 70,825,631 | 300,502 | 77,409,834 | 87,426,065 |
| Government grants and contracts, including amounts passed-through to member clubs (note 8) | 35,805,267 | — | 35,805,267 | 34,047,903 | — | 69,853,170 | 72,974,086 |
| Income from funds held in trust by others | 129,502 | — | 129,502 | 1,165,501 | — | 1,295,003 | 1,244,934 |
| Fund raising events: | | | | | | | |
| Revenue generated | 9,291,331 | — | 9,291,331 | 717,084 | — | 10,008,415 | 9,325,739 |
| Less direct operating costs (note 13) | (2,457,246) | — | (2,457,246) | — | — | (2,457,246) | (2,208,826) |
| Fund-raising events revenue in excess of direct costs | 6,834,085 | — | 6,834,085 | 717,084 | — | 7,551,169 | 7,116,913 |
| Member organization dues | 9,190,220 | — | 9,190,220 | — | — | 9,190,220 | 8,885,414 |
| Investment income, net of advisory and custody fees and taxes | 2,633 | (799,071) | (796,438) | 356,135 | — | (440,303) | 316,731 |
| Net realized and unrealized gains (losses) on investments | 3,483 | 25,703,532 | 25,707,015 | 14,889,362 | — | 40,596,377 | 31,898,798 |
| Other | 828,224 | 364,756 | 1,192,980 | 111,331 | — | 1,304,311 | 945,875 |
| Total revenue and gains | 58,811,228 | 25,535,104 | 84,346,332 | 122,112,947 | 300,502 | 206,759,781 | 210,808,816 |
| Net assets released from restrictions (note 10): | | | | | | | |
| Satisfaction of program restrictions | 90,880,356 | 366,776 | 91,247,132 | (91,247,132) | — | — | — |
| Expirations of time restrictions | 5,690,832 | — | 5,690,832 | (5,690,832) | — | — | — |
| Total net assets released from restrictions | 96,571,188 | 366,776 | 96,937,964 | (96,937,964) | — | — | — |
| Total revenue, gains, and other support | 155,382,416 | 25,901,880 | 181,284,296 | 25,174,983 | 300,502 | 206,759,781 | 210,808,816 |
| Expenses and losses: | | | | | | | |
| On-site assistance to member clubs and establishment of new clubs | 34,075,259 | 466,685 | 34,541,944 | — | — | 34,541,944 | 30,599,171 |
| Leadership training, development, and support of youth programs | 100,133,050 | 6,064,783 | 106,197,833 | — | — | 106,197,833 | 109,089,341 |
| Management and general | 16,121,406 | 246,802 | 16,368,208 | — | — | 16,368,208 | 17,033,126 |
| Fund-raising | 7,687,797 | 63,563 | 7,751,360 | — | — | 7,751,360 | 5,403,512 |
| Total expenses and losses | 158,017,512 | 6,841,833 | 164,859,345 | — | — | 164,859,345 | 162,125,150 |
| Change in net assets before transfers | (2,635,096) | 19,060,047 | 16,424,951 | 25,174,983 | 300,502 | 41,900,436 | 48,683,666 |
| Other changes in net assets – transfers (note 7) | 2,293,082 | (2,293,082) | — | — | — | — | — |
| Change in net assets | (342,014) | 16,766,965 | 16,424,951 | 25,174,983 | 300,502 | 41,900,436 | 48,683,666 |
| Net assets at beginning of year | 3,401,010 | 160,611,309 | 164,012,319 | 140,754,624 | 33,466,609 | 338,233,552 | 289,549,886 |
| Net assets at end of year | $ 3,058,996 | 177,378,274 | 180,437,270 | 165,929,607 | 33,767,111 | 380,133,988 | 338,233,552 |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES**

Consolidated Statement of Activities

Year ended December 31, 2012

(with comparative totals for 2011)

| | Unrestricted | | | | | |
|---|---|---|---|---|---|---|
| | Undesignated | Board-designated | Total unrestricted | Temporarily restricted | Permanently restricted | 2012 |
| Changes in net assets: | | | | | | |
| Revenue, gains, and other support: | | | | | | |
| Contributions | $ 5,690,631 | 415,234 | 6,105,865 | 81,319,700 | 500 | 87,426,065 |
| Government grants and contracts, including amounts passed-through to member clubs (note 8) | 44,755,526 | — | 44,755,526 | 28,218,560 | — | 72,974,086 |
| Income from funds held in trust by others | 124,473 | — | 124,473 | 1,120,461 | — | 1,244,934 |
| Fund raising events: | | | | | | |
| Revenue generated | 9,270,739 | — | 9,270,739 | 55,000 | — | 9,325,739 |
| Less direct operating costs (note 13) | (2,208,826) | — | (2,208,826) | — | — | (2,208,826) |
| Fund-raising events revenue in excess of direct costs | 7,061,913 | — | 7,061,913 | 55,000 | — | 7,116,913 |
| Member organization dues | 8,885,414 | — | 8,885,414 | — | — | 8,885,414 |
| Investment income, net of advisory and custody fees | 4,314 | (92,416) | (88,102) | 404,833 | — | 316,731 |
| Net realized and unrealized (losses) gains on investments | (50,569) | 21,125,601 | 21,075,032 | 10,823,766 | — | 31,898,798 |
| Other | 737,716 | 138,313 | 876,029 | 69,846 | — | 945,875 |
| Total revenue and gains | 67,209,418 | 21,586,732 | 88,796,150 | 122,012,166 | 500 | 210,808,816 |
| Net assets released from restrictions (note 10): | | | | | | |
| Satisfaction of program restrictions | 79,284,814 | 518,994 | 79,803,808 | (79,803,808) | — | — |
| Expirations of time restrictions | 3,471,464 | — | 3,471,464 | (3,471,464) | — | — |
| Total net assets released from restrictions | 82,756,278 | 518,994 | 83,275,272 | (83,275,272) | — | — |
| Total revenue, gains, and other support | 149,965,696 | 22,105,726 | 172,071,422 | 38,736,894 | 500 | 210,808,816 |
| Expenses and losses: | | | | | | |
| On-site assistance to member clubs and establishment of new clubs | 29,739,633 | 859,538 | 30,599,171 | — | — | 30,599,171 |
| Leadership training, development, and support of youth programs | 103,608,575 | 5,480,766 | 109,089,341 | — | — | 109,089,341 |
| Management and general | 16,710,908 | 322,218 | 17,033,126 | — | — | 17,033,126 |
| Fund-raising | 5,324,159 | 79,353 | 5,403,512 | — | — | 5,403,512 |
| Total expenses and losses | 155,383,275 | 6,741,875 | 162,125,150 | — | — | 162,125,150 |
| Change in net assets before transfers | (5,417,579) | 15,363,851 | 9,946,272 | 38,736,894 | 500 | 48,683,666 |
| Other changes in net assets – transfers (note 7) | 5,081,133 | (5,081,133) | — | — | — | — |
| Change in net assets | (336,446) | 10,282,718 | 9,946,272 | 38,736,894 | 500 | 48,683,666 |
| Net assets at beginning of year | 3,737,456 | 150,328,591 | 154,066,047 | 102,017,730 | 33,466,109 | 289,549,886 |
| Net assets at end of year | $ 3,401,010 | 160,611,309 | 164,012,319 | 140,754,624 | 33,466,609 | 338,233,552 |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012

| | | 2013 | 2012 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Change in net assets | $ | 41,900,436 | 48,683,666 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | | |
| Depreciation and amortization | | 1,046,840 | 1,137,060 |
| Net realized and unrealized gains on investments | | (40,153,441) | (32,261,784) |
| Contributions restricted for long-term investment | | (300,502) | (500) |
| In-kind contributions of investments | | (1,211,463) | (2,901,320) |
| Increase in membership dues and grants receivable | | (1,123,972) | (3,669,273) |
| Increase in contributions receivable | | (13,950,828) | (33,766,744) |
| Increase in split interest agreements | | (13,802) | (74,499) |
| Increase in other assets | | (39,358) | (503,296) |
| Increase in accounts payable and accrued expenses | | 3,097,340 | 5,155,891 |
| Increase in annuities payable | | 288,049 | 233,358 |
| Net cash used in operating activities | | (10,460,701) | (17,967,441) |
| Cash flows from investing activities: | | | |
| Proceeds from sales of investments | | 319,178,485 | 107,459,354 |
| Purchase of investments | | (300,525,443) | (87,796,851) |
| Purchases of property and equipment | | (189,075) | (575,793) |
| Net cash provided by investing activities | | 18,463,967 | 19,086,710 |
| Cash flows from financing activities: | | | |
| Contributions restricted for long-term investment | | 300,502 | 500 |
| Principal repayments on bonds payable and capital leases | | (487,416) | (569,678) |
| Payments to life income beneficiaries | | (88,423) | (88,423) |
| Net cash used in financing activities | | (275,337) | (657,601) |
| Net increase in cash and cash equivalents | | 7,727,929 | 461,668 |
| Cash and cash equivalents at beginning of year | | 11,708,459 | 11,246,791 |
| Cash and cash equivalents at end of year | $ | 19,436,388 | 11,708,459 |
| Supplemental disclosure: | | | |
| Cash paid for interest | $ | 85,475 | 100,824 |
| In-kind gifts – investments | | 1,211,463 | 2,901,320 |
| Land, buildings, and equipment acquisitions reflected in accounts payable and accrued expenses | | 263,000 | — |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES**

Consolidated Statement of Functional Expenses

Year ended December 31, 2013

| | Program services | | | Supporting services | | | |
|---|---|---|---|---|---|---|---|
| | **On-site assistance to member clubs and establishment of new clubs** | **Leadership training, development, and support of youth programs** | **Total program services** | **Management and general** | **Fund-raising** | **Total supporting services** | **Total expenses** |
| Salary | $ 11,483,122 | 10,792,016 | 22,275,138 | 7,568,173 | 5,058,411 | 12,626,584 | 34,901,722 |
| Benefits | 2,365,770 | 2,624,512 | 4,990,282 | 1,814,252 | 585,068 | 2,399,320 | 7,389,602 |
| Payroll taxes | 782,565 | 832,049 | 1,614,614 | 444,185 | 349,421 | 793,606 | 2,408,220 |
| Total salaries and related expenses | 14,631,457 | 14,248,577 | 28,880,034 | 9,826,610 | 5,992,900 | 15,819,510 | 44,699,544 |
| Contractual services | 2,280,480 | 9,731,433 | 12,011,913 | 3,533,636 | 326,747 | 3,860,383 | 15,872,296 |
| Supplies | 353,070 | 868,634 | 1,221,704 | 171,502 | 103,521 | 275,023 | 1,496,727 |
| Telephone | 326,281 | 166,137 | 492,418 | 119,916 | 91,777 | 211,693 | 704,111 |
| Postage and shipping | 210,126 | 232,987 | 443,113 | 156,982 | 33,116 | 190,098 | 633,211 |
| Occupancy | 1,071,869 | 313,782 | 1,385,651 | 605,852 | 212,322 | 818,174 | 2,203,825 |
| Printing and artwork | 256,850 | 346,785 | 603,635 | 195,032 | 32,683 | 227,715 | 831,350 |
| Travel | 2,963,361 | 1,571,087 | 4,534,448 | 493,949 | 706,547 | 1,200,496 | 5,734,944 |
| Training conferences | 726,487 | 1,906,985 | 2,633,472 | 261,256 | 99,240 | 360,496 | 2,993,968 |
| Membership dues | 11,186 | 3,821 | 15,007 | 51,632 | 3,395 | 55,027 | 70,034 |
| Awards and grants | 10,868,561 | 76,129,627 | 86,998,188 | — | — | — | 86,998,188 |
| Interest expense | — | — | — | 56,940 | — | 56,940 | 56,940 |
| Miscellaneous | 375,531 | 415,782 | 791,313 | 648,099 | 85,549 | 733,648 | 1,524,961 |
| Depreciation | 466,685 | 262,196 | 728,881 | 246,802 | 63,563 | 310,365 | 1,039,246 |
| Total expenses | $ 34,541,944 | 106,197,833 | 140,739,777 | 16,368,208 | 7,751,360 | 24,119,568 | 164,859,345 |

See accompanying notes to consolidated financial statements.

**BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES**

Consolidated Statement of Functional Expenses

Year ended December 31, 2012

| | Program services | | | Supporting services | | | |
|---|---|---|---|---|---|---|---|
| | **On-site assistance to member clubs and establishment of new clubs** | **Leadership training, development, and support of youth programs** | **Total program services** | **Management and general** | **Fund-raising** | **Total supporting services** | **Total expenses** |
| Salary | $ 9,954,438 | 10,191,002 | 20,145,440 | 7,647,037 | 3,443,063 | 11,090,100 | 31,235,540 |
| Benefits | 2,484,381 | 2,524,589 | 5,008,970 | 1,823,961 | 568,844 | 2,392,805 | 7,401,775 |
| Payroll taxes | 703,501 | 738,816 | 1,442,317 | 478,350 | 239,510 | 717,860 | 2,160,177 |
| Total salaries and related expenses | 13,142,320 | 13,454,407 | 26,596,727 | 9,949,348 | 4,251,417 | 14,200,765 | 40,797,492 |
| Contractual services | 1,166,876 | 5,940,640 | 7,107,516 | 4,000,108 | 249,964 | 4,250,072 | 11,357,588 |
| Supplies | 370,785 | 624,768 | 995,553 | 143,476 | 67,384 | 210,860 | 1,206,413 |
| Telephone | 304,792 | 178,441 | 483,233 | 128,071 | 75,830 | 203,901 | 687,134 |
| Postage and shipping | 156,311 | 264,284 | 420,595 | 168,180 | 24,770 | 192,950 | 613,545 |
| Occupancy | 879,308 | 495,840 | 1,375,148 | 701,636 | 145,070 | 846,706 | 2,221,854 |
| Printing and artwork | 216,430 | 474,348 | 690,778 | 78,584 | 21,116 | 99,700 | 790,478 |
| Travel | 2,556,912 | 1,424,057 | 3,980,969 | 473,641 | 415,646 | 889,287 | 4,870,256 |
| Training conferences | 1,169,440 | 1,347,263 | 2,516,703 | 158,049 | 36,474 | 194,523 | 2,711,226 |
| Membership dues | 9,202 | 3,448 | 12,650 | 49,583 | 1,327 | 50,910 | 63,560 |
| Awards and grants | 9,921,533 | 84,261,721 | 94,183,254 | — | — | — | 94,183,254 |
| Interest expense | — | — | — | 79,682 | — | 79,682 | 79,682 |
| Miscellaneous | 374,768 | 223,360 | 598,128 | 780,550 | 35,161 | 815,711 | 1,413,839 |
| Depreciation | 330,494 | 396,764 | 727,258 | 322,218 | 79,353 | 401,571 | 1,128,829 |
| Total expenses | $ 30,599,171 | 109,089,341 | 139,688,512 | 17,033,126 | 5,403,512 | 22,436,638 | 162,125,150 |

See accompanying notes to consolidated financial statements.

## (1) Summary of Significant Accounting Policies

### *(a) Organization*

Boys & Girls Clubs of America (BGCA) is a federally chartered, national organization that was formed to promote the health, social, educational, vocational, and character development of young people throughout the United States (U.S.). Through its national headquarters, five regional service centers, and government relations office in Washington, D.C., BGCA:

- Develops innovative program services for young people;
- Assists community leaders to form new local member clubs;
- Provides training, management consulting, and resource materials to local member clubs;
- Promotes greater public and media awareness of local member club work; and
- Addresses legislative and public policy issues affecting young people.

The accompanying consolidated financial statements include the financial position and operating results of BGCA's subsidiary alliance organizations located throughout the U.S. These alliance organizations are organized under either Section 501(c)(4) or Section 501(c)(3) of the Internal Revenue Code and were formed primarily to meet certain state statutory reporting requirements. Certain members of BGCA's senior management serve as members of the governing boards for certain of these alliance organizations. Such subsidiary alliance organizations numbered 50 at both December 31, 2013 and 2012.

The accompanying consolidated financial statements do not include the financial position and operating results of local member clubs, each of which is an autonomous corporation organized under the laws of the jurisdiction in which it is located. Each local member club operates under a charter granted by BGCA and has its own independent board of directors which controls the local Boys & Girls Club, its programs, and staff. BGCA, the national organization, does not exercise supervision, direction, or control of its local club members.

### *(b) Accrual Basis*

The consolidated financial statements of BGCA have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

### *(c) Basis of Presentation*

The accounting policies of BGCA have been designed to conform to U.S. generally accepted accounting principles (U.S. GAAP) as applicable to not-for-profit organizations.

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of BGCA and changes therein are classified and reported 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 BGCA and/or the passage of time.

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

### *(d) Contributions*

Contributions received, including unconditional promises to give, are recognized as revenue when assets or a donor's unconditional commitment is received.

Contributions 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.

### *(e) Investments*

Investments are carried at fair value, with changes in fair value being recorded as unrealized gains (losses). The fair value of publicly traded fixed income and equity securities is based upon quoted market prices. Fair values for private market investments and investments held through limited partnerships or commingled funds, are not as readily determinable. Fair value for these investments is established based on either external events which substantiate a change in fair value or a reasonable methodology that exists to identify and quantify changes in fair value. Fair value determinations for these investments require the use of estimates. Accordingly, such values may differ from the values that would have been used had a ready market for these investments existed.

Investments in private and limited partnership interests are generally valued using the most current information provided by the general partner. General partners typically value privately held companies at cost or an adjusted value based on recent arms' length transactions. Public companies are valued using quoted market prices. Real estate partnerships and funds are valued based on appraisals of properties held conducted by third-party appraisers retained by the general partner or investment manager. Valuations provided by the general partners and investment managers are evaluated by management, and management believes such values are reasonable estimates of fair value at December 31, 2013 and 2012 (see notes 2 and 17).

### *(f) Split Interest Agreements*

BGCA's split interest agreements with donors consist primarily of gift annuity agreements and irrevocable charitable remainder trusts for which BGCA serves as trustee. Contribution revenue is recognized when trusts (or annuity agreements) are established, after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted annually for changes in the values of assets, accretion of the discount and other changes in the estimates of future benefits.

BGCA is also the beneficiary of certain charitable lead trusts held and administered by others. The present value of the estimated future cash receipts from the trusts is recognized as an asset and contribution revenue at the date such trusts are established. The carrying value of the assets is adjusted annually for changes in fair value.

***(g) Land, Buildings and Equipment***

Land, buildings and equipment are stated at cost at the date of acquisition. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

***(h) Tax Status***

BGCA is recognized as an organization exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. During 2013 and 2013, $786,908 and $137,715, respectively, was provided for income taxes.

BGCA's 50 state alliance subsidiaries are exempt from Federal income taxes under either Section 501(c)(4) or Section 501(c)(3) of the Code.

***(i) Functional Allocation of Expenses***

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

***(j) Concentration of Credit Risk***

Credit risk represents the risk of loss attributable to possible nonperformance by donors and counterparties relative to the terms of agreements and contracts. Financial instruments that are subject to concentrations of credit risk consist primarily of cash equivalents, investments, and certain receivables. In order to minimize credit risk in connection with cash equivalents and investments, BGCA invests in U.S. government securities, mutual funds, and other marketable securities. These investments are held by diverse, high-quality financial institutions.

***(k) Use of Estimates***

Management of BGCA has made certain estimates and assumptions relating to the reporting of the allowance for uncollectible contributions receivable, valuation of certain investment securities without readily determinable fair values, depreciable lives of property and equipment, accrued expenses, annuities payable, and the disclosure of contingent liabilities to prepare the consolidated financial statements in conformity with U.S. GAAP. Actual results could differ from those estimates.

## (2) Investments

Investments are carried at estimated fair value and consist of the following at December 31, 2013 and 2012:

| | 2013 | 2012 |
|---|---|---|
| Short-term investments | $ 8,498,417 | 785,971 |
| Fixed income: | | |
| Mutual funds | 509,023 | 545,527 |
| Fixed income securities | 27,283,576 | 43,087,304 |
| Corporate stocks-domestic | 70,850,099 | 17,099,755 |
| Community Foundation | 32,555 | 32,555 |
| Investment in limited partnerships | 154,005,031 | 126,929,796 |
| Private equity investments/hedge funds | 31,289,033 | 10,027,814 |
| Investments in limited liability companies | — | 10,620,000 |
| Investment in trusts | — | 30,871,002 |
| International REIT's | — | 17,132,219 |
| Equity – mutual funds | — | 11,588,236 |
| | 292,467,734 | 268,720,179 |
| Less custodial fund investments | (12,824,492) | (11,788,799) |
| Total | $ 279,643,242 | 256,931,380 |

Management is required to make certain estimates in the preparation of the financial statements. Among those significant estimates are the valuation of investments without readily determinable fair values. These estimates are subjective and require judgment regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that appropriately reflect market and credit risks. BGCA believes that the carrying amounts of these investments are a reasonable estimate of fair value. Estimates, by their nature, are based on judgment and available information. Changes in assumptions could have a material impact on the financial statements.

Custodial fund investments consist of assets which are being held on behalf of other organizations (see note 15).

Net realized and unrealized gains/losses on investments as reflected in the accompanying consolidated statements of activities for the year ended December 31 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Realized gains, net | $ 46,133,750 | 4,520,720 |
| Unrealized (losses)/gains, net | (5,537,373) | 27,378,078 |
| | $ 40,596,377 | 31,898,798 |

Investment management expenses were approximately $1,173,000 and $1,189,000 for the years ended December 31, 2013 and 2012, respectively.

***Other Risk Factors***

Liquidity risk – Liquidity risk represents the risk that BGCA may not be able to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If BGCA were compelled to dispose of an illiquid investment at an inopportune time, the result may be a sale at a substantial discount to fair value.

BGCA invests in alternative investments, which can be highly illiquid. Under adverse market or economic conditions, the secondary market for certain of these alternative investments could further contract. As a result, BGCA could find it more difficult to sell these securities or may only be able to sell these securities at amounts lower than if such securities were more widely traded.

Currency and foreign exchange risk – BGCA may hold investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates.

Interest rate and credit risk – BGCA's investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk of the issuer of the security becoming unable to pay interest or repay principal when it is due.

Market price risk – The value of securities held by BGCA may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Events impacting valuation may include (but are not limited to) economic changes, market fluctuations, regulatory changes, global and political instability, and currency, interest rate, and commodity price fluctuations. BGCA attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of relevant economic conditions.

## (3) Contributions Receivable

Contributions receivable consists of the following December 31, 2013 and 2012:

| | 2013 | 2012 |
|---|---|---|
| Contributions receivable, gross | $ 75,821,562 | 59,504,414 |
| Less: | | |
| Unamortized discount | (4,361,607) | (2,363,415) |
| Allowance for uncollectible contributions | (2,409,250) | (2,041,122) |
| Net unconditional promises to give | $ 69,050,705 | 55,099,877 |
| Amounts due in: | | |
| Less than one year | $ 34,199,375 | 32,906,779 |
| One to five years | 41,622,187 | 26,597,635 |
| | $ 75,821,562 | 59,504,414 |

Contributions receivable are reflected at fair value as of the date of gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue. Estimated future cash flows to be received after one year were discounted at December 31, 2013 and 2012 at rates ranging from 0.15% to 3.25%.

During 2013 and 2012, BGCA received conditional promises to give totaling approximately $34,021,000 and $6,363,000, respectively. These conditional promises to give are not recognized in the accompanying consolidated financial statements and, if they are subsequently recorded, they may be restricted for specific purposes stipulated by the donors.

## (4) Land, Buildings, and Equipment

Land and buildings, as well as furnishings and equipment, are recorded at acquisition cost or fair value upon receipt in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Land, buildings, and equipment consist of the following at December 31, 2013 and 2012:

| | | 2013 | 2012 | Estimated useful life |
|---|---|---|---|---|
| Land | $ | 10,848,690 | 10,848,690 | |
| Buildings | | 16,540,525 | 16,540,525 | 50 years |
| Leasehold improvements | | 404,583 | 404,583 | 10 years |
| Building improvements | | 1,993,149 | 1,689,215 | 6–9 years |
| Furniture, fixtures and equipment | | 6,303,647 | 6,308,727 | 5–7 years |
| | | 36,090,594 | 35,791,740 | |
| Less accumulated depreciation and amortization | | (9,828,241) | (8,942,216) | |
| | $ | 26,262,353 | 26,849,524 | |

Depreciation expense totaled $1,039,246 and $1,128,829 for the years ended December 31, 2013 and 2012, respectively.

## (5) Retirement Plans

BGCA has a noncontributory defined contribution pension plan, covering all eligible employees. BGCA contributes 8% of annual salary for employees working 1,000 hours or more during a calendar year. Pension expense for 2013 and 2012 totaled approximately $1,998,000 and $2,030,000, respectively.

In 2011, the Board of Governors approved a supplemental executive retirement plan for the benefit of a member of senior management whereby a retirement benefit will be earned ratably by the executive during the service term as defined in the plan agreement. The vested amount will be paid to the executive upon retirement, disability, or termination without cause as defined in the plan agreement. The liability recorded in connection with this plan as of December 31, 2013 and 2012 is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

BGCA also has a retirement fund totaling approximately $623,000 at both December 31, 2013 and 2012 included in board – designated unrestricted net assets.

## (6) Assets Held in and Liability under Deferred Compensation Accounts

BGCA has in place deferred compensation agreements with certain key officers, whereby sums will be paid according to the terms of the agreements into accounts maintained by BGCA for the purpose of salary continuation upon retirement. This plan is subject to certain stipulations outlined within the agreements, one of which is the officers' continued employment with BGCA. Deferred compensation activity during 2013 and 2012 consists of the following:

| | | 2013 | 2012 |
|---|---|---|---|
| Employee contributions | $ | 131,506 | 169,774 |
| Distributions | | (293,645) | (78,502) |
| Annuity contracts | | 268,969 | — |
| Change in fair value | | 163,267 | 183,018 |
| Net change for the year | | 270,097 | 274,290 |
| Assets held in and liability under deferred compensation: | | | |
| Beginning of year | | 1,407,424 | 1,133,134 |
| End of year | $ | 1,677,521 | 1,407,424 |

## (7) Transfers

Transfers of net assets for the years ended December 31, 2013 and 2012 consist of the following:

| | | 2013 | |
|---|---|---|---|
| | | Unrestricted net assets | |
| Description | | Undesignated | Board-designated |
| Fixed asset acquisitions transferred to unrestricted-board-designated net assets | $ | (148,140) | 148,140 |
| Investment income transferred in accordance with board spend rate policy | | 5,954,000 | (5,954,000) |
| Transfer of year-end balance of general operating activities to unrestricted-board-designated net assets | | (3,512,778) | 3,512,778 |
| | $ | 2,293,082 | (2,293,082) |

| | | 2012 | |
|---|---|---|---|
| | | Unrestricted net assets | |
| **Description** | | **Undesignated** | **Board-designated** |
| Fixed asset acquisitions transferred to unrestricted-board-designated net assets | $ | (205,868) | 205,868 |
| Investment income transferred in accordance with board spend rate policy | | 5,911,087 | (5,911,087) |
| Transfer of year-end balance of general operating activities to unrestricted-board-designated net assets | | (624,086) | 624,086 |
| | $ | 5,081,133 | (5,081,133) |

## (8) Government Grants and Contracts

During 2013 and 2012, BGCA received $69,853,170, and $72,974,086, respectively, in various government grants and contracts. Of this amount, $61,544,431 and $66,117,024 was passed through to certain affiliated local member clubs (see note 1) for leadership training, development and support of youth programs during 2013 and 2012, respectively.

## (9) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2013 and 2012 are available for the following purposes or periods:

| | | 2013 | 2012 |
|---|---|---|---|
| On-site assistance to member clubs and establishment of new clubs | $ | 68,805,475 | 63,784,842 |
| Leadership training, development and support of youth programs | | 28,857,519 | 20,989,660 |
| Available for use in future periods | | 68,266,613 | 55,980,122 |
| | $ | 165,929,607 | 140,754,624 |

## (10) Net Assets Released from Restrictions

During 2013 and 2012, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by occurrence of other events satisfying restrictions specified by donors as follows:

| | | 2013 | 2012 |
|---|---|---|---|
| Purpose restrictions accomplished: | | | |
| Expenses for on-site assistance to member clubs and establishment of new clubs | $ | 20,840,213 | 16,292,627 |
| Expenses for leadership training, development and support of youth programs | | 70,406,919 | 63,511,181 |
| | | 91,247,132 | 79,803,808 |
| Time restrictions expired – passage of specified time | | 5,690,832 | 3,471,464 |
| | $ | 96,937,964 | 83,275,272 |

## (11) Unrestricted Net Assets – Board-Designated

Board-designated net assets consist of the following at December 31, 2013 and 2012:

| | | 2013 | 2012 |
|---|---|---|---|
| Functioning as quasi-endowment: | | | |
| Reserve fund | $ | 141,961,423 | 125,671,809 |
| Board designated fund | | 10,196,055 | 9,078,384 |
| | | 152,157,478 | 134,750,193 |
| Other board-designated | | 3,333,443 | 3,874,008 |
| Land, buildings, and equipment | | 21,887,353 | 21,987,108 |
| | $ | 177,378,274 | 160,611,309 |

## (12) Endowment Net Assets

BGCA's endowment consists of approximately 56 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Governors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### *(a) Interpretation of Relevant Law*

BGCA has interpreted the State of Georgia's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, BGCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by BGCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, BGCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of BGCA and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of BGCA
7. The investment policies of BGCA

***(b) Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires BGCA to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets and generally result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in unrestricted net assets. There were no aforementioned deficiencies at December 31, 2013 and 2012.

***(c) Return Objectives and Risk Parameters***

The financial objective of BGCA's endowment is to provide support to the operations of its programs and affiliates and to preserve the inflation adjusted purchasing power of the long term investment. The investment objective is to attain an average annual real total return of at least 5% over the long term (rolling five year periods). Actual returns in any given year may vary from this amount.

To achieve its investment objective, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark composed of 80% Russell

3000 index and 20% Barclays Aggregate Bond Index while assuming a moderate level of investment risk.

### *(d) Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, BGCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). BGCA targets a diversified asset allocation that places emphasis on investments in marketable securities, bonds, private equity and real estate trusts designed to achieve its long-term return objectives within prudent risk constraints.

### *(e) Spending Policy*

A spending policy is established to ensure that the real value of the investment is maintained over time, which requires that the long-term average spending rate not exceed the long-term real return and BGCA's spending rate is established as up to 5% of the previous three year average of the September 30 fair value of the endowment net assets unless stipulated otherwise by the donor.

Endowment net assets consist of the following at December 31, 2013:

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ — | 68,209,484 | 33,767,111 | 101,976,595 |
| Board-designated quasi-endowment funds | 152,157,478 | — | — | 152,157,478 |
| Total endowment net assets | $ 152,157,478 | 68,209,484 | 33,767,111 | 254,134,073 |

Endowment net assets consist of the following at December 31, 2012:

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ — | 57,000,231 | 33,466,609 | 90,466,840 |
| Board-designated quasi-endowment funds | 134,750,193 | — | — | 134,750,193 |
| Total endowment net assets | $ 134,750,193 | 57,000,231 | 33,466,609 | 225,217,033 |

Changes in endowment net assets for the year ended December 31, 2013 are as follows:

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|---|---|---|---|---|
| Endowment net assets, December 31, 2012 | $ 134,750,193 | 57,000,231 | 33,466,609 | 225,217,033 |
| Contributions | — | — | 300,502 | 300,502 |
| Investment return – investment income and net appreciation | 25,535,104 | 14,547,694 | — | 40,082,798 |
| Appropriation of endowment assets for expenditure | (8,127,819) | (3,338,441) | — | (11,466,260) |
| Endowment net assets, December 31, 2013 | $ 152,157,478 | 68,209,484 | 33,767,111 | 254,134,073 |

Changes in endowment net assets for the year ended December 31, 2012 are as follows:

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|---|---|---|---|---|
| Endowment net assets, December 31, 2011 | $ 124,951,893 | 49,702,978 | 33,466,109 | 208,120,980 |
| Contributions | — | — | 500 | 500 |
| Investment return – investment income and net appreciation | 21,586,731 | 10,606,688 | — | 32,193,419 |
| Appropriation of endowment assets for expenditure | (11,788,431) | (3,309,435) | — | (15,097,866) |
| Endowment net assets, December 31, 2012 | $ 134,750,193 | 57,000,231 | 33,466,609 | 225,217,033 |



(Continued)

**(13) Fund-Raising Event Direct Operating Costs**

BGCA holds periodic fund-raising events and reports the revenues generated, net of any direct operating costs, as revenue, gains, and other support in the accompanying consolidated statements of activities. These direct operating costs during 2013 and 2012 are as follows:

| | | **2013** | **2012** |
|---|---|---|---|
| Supplies | $ | 88,575 | 35,867 |
| Printing | | 76,202 | 75,496 |
| Postage | | 8,740 | 5,474 |
| Travel | | 49,801 | 33,701 |
| Banquets and space rental | | 1,729,070 | 1,926,620 |
| Entertainment, event management, and speakers | | 504,858 | 131,668 |
| | $ | 2,457,246 | 2,208,826 |

**(14) Leases**

BGCA is obligated under noncancelable long-term operating leases for rental of office facilities and equipment, as follows:

| | | |
|---|---|---|
| Years ending December 31: | | |
| 2014 | $ | 586,654 |
| 2015 | | 601,707 |
| 2016 | | 617,199 |
| 2017 | | 492,095 |
| 2018 | | 19,009 |
| Thereafter | | — |
| | $ | 2,316,664 |

Rental expense under operating leases totaled approximately $662,000 and $883,000 for the years ended December 31, 2013 and 2012, respectively.

BGCA leases a portion of its National Office facility and subleases leased space in Washington D.C. no longer used by BGCA to outside tenants. Rental income to be received in future periods under current lease and sub-lease arrangements is as follows:

| | | Amount |
|---|---|---|
| Years ending December 31: | | |
| 2014 | $ | 910,430 |
| 2015 | | 1,053,887 |
| 2016 | | 1,074,507 |
| 2017 | | 1,067,282 |
| 2018 | | 1,058,819 |
| Thereafter | | 2,021,210 |
| | $ | 7,186,135 |

Rental income totaled approximately $1,012,000 and $724,000 for the years ended December 31, 2013 and 2012, respectively.

## (15) Obligations for Custodial Funds

BGCA has custody of certain assets which are being held and disbursed only on instructions of the person or organization from which they were received. These custodial funds and related obligations are included in the accompanying consolidated statements of financial position; however, additions to/disbursements from these funds are not considered part of BGCA's operations.

The changes in custodial funds for the years ended December 31, 2013 and 2012 are as follows:

| | | 2013 | 2012 |
|---|---|---|---|
| New custodial funds received | $ | 10,000 | 170,700 |
| Net gains (losses) on investments and other receipts | | 1,696,031 | 1,408,550 |
| Disbursements | | (670,338) | (755,895) |
| Net change for the year | | 1,035,693 | 823,355 |
| Assets held in custody for others: | | | |
| Beginning of year | | 11,788,799 | 10,965,444 |
| End of year | $ | 12,824,492 | 11,788,799 |

## (16) Bonds Payable

On September 1, 2005, BGCA issued tax-exempt bonds payable consisting of $15,000,000 of Development Authority of Fulton County Revenue Bonds (Boys & Girls Clubs of America Project) Series 2005 with interest at rates as determined by the Remarketing Agent secured by a bank letter of credit. During 2009, BGCA executed an Amended and Restated Indenture of Trust, dated December 1, 2009, amending and restating the Original Indenture to allow the then outstanding $6,500,000 principal amount of the Bonds to be converted to a mode that allowed for the Bonds to be purchased initially by

SunTrust Bank and to bear interest at the rates applicable during the "Bank Rate Period" provided in the Trust document. Such rates were 1.72% and 1.75% at December 31, 2013 and 2012, respectively. The amended indenture provided for annual principal payments of $406,250 and monthly interest payments through the maturity of the bond. During the years ended December 31, 2013 and 2012, principal repayments totaling $406,250 and $406,250, respectively, were made to reduce the outstanding bonds.

Future bond maturities are as follows:

| | | **Amount** |
|---|---|---|
| 2014 | $ | 406,250 |
| 2015 | | 406,250 |
| 2016 | | 406,250 |
| 2017 | | 406,250 |
| 2018 | | 406,250 |
| Thereafter | | 2,343,750 |
| | $ | 4,375,000 |

The Amended and Restated Indenture of Trust between BGCA and SunTrust Bank relating to the bonds payable provide for certain financial and nonfinancial covenants, including a minimum total net asset requirement of $232 million.

## (17) Fair Value Measurements

BGCA follows the guidance in ASC No. 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial and non financial assets and financial liabilities. BGCA's estimates of fair value for financial assets and liabilities are based on the framework established in ASC No. 820, which considers the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC No. 820 hierarchy is based on whether the significant inputs relative to the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect BGCA's significant market assumptions. The three levels of the hierarchy are further described as follows:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in accessible and active markets.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable. Examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 – Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets or liabilities. Level 3 investments comprise primarily alternative investments which are not readily marketable.

The carrying amount of membership dues and grants receivable, split-interest agreements, accounts payable and accrued expenses, and annuities payable (all classified largely as Level 1 within the fair value hierarchy described above) approximates fair value because of the relative terms and/or short maturity of these financial instruments. Contributions receivable are initially measured at fair value in the year the receivable is recorded based on the present value of the estimated future cash flows discounted at a rate that reflects the risks inherent in those cash flows, which is an application of the income approach. Current year gifts included in contribution receivable reflected at fair value were approximately $41.4 million and $38.9 million at December 31, 2013 and 2012, respectively, and are classified as Level 3 in the fair value hierarchy. Cash and cash equivalents, investments, assets held in custody for others, and assets held in deferred compensation accounts are reflected in the accompanying consolidated financial statements at fair value. The fair value of bonds payable at December 31, 2013 approximates carrying value due to the variable interest rates in effect. The carrying amounts of obligations for custodial funds, and the liability under deferred compensation agreements are recorded at the fair value of the underlying assets.

As required by ASC No. 820, financial instruments recorded at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The following is a summary of BGCA's financial instruments within the fair value hierarchy as of December 31, 2013 and 2012:

| | 2013 | | | | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** | **Redemption or liquidation** | **Notice period** |
| Assets: | | | | | | |
| Recurring: | | | | | | |
| Cash and cash equivalents | $ 19,436,388 | — | — | 19,436,388 | Daily | None |
| Investments, and assets held in custody for others: | | | | | | |
| Short-term investments | $ 8,498,417 | — | — | 8,498,417 | Daily | None |
| Fixed income: | | | | | | |
| Mutual funds | 509,023 | — | — | 509,023 | Daily | None |
| Fixed income securities | — | 27,283,576 | — | 27,283,576 | Monthly | 5 days |
| Corporate stocks | 70,850,099 | — | — | 70,850,099 | Daily | None |
| Community Foundation | — | — | 32,555 | 32,555 | At discretion of foundation | At discretion of foundation |
| Investment in limited partnerships: | | | | | | |
| U.S. Equity – (a) | — | 21,048,913 | — | 21,048,913 | Monthly | 15 days |
| Event Driven hedge funds – (e) | — | — | 13,532,864 | 13,532,864 | Annually | 45 days |
| Private Equity – (f) | — | — | 1,716,569 | 1,716,569 | At discretion of general partner | At discretion of general partner |
| Credit/Distressed hedge funds – (c) | — | 35,319,993 | 946,941 | 36,266,934 | Quarterly, bi-annually or at | |
| Global Macro (g) | — | — | 5,335,016 | 5,335,016 | Monthly | 65 days |
| Multi-Strategy hedge funds – (d) | — | — | 106,973,307 | 106,973,307 | Annually, Quarterly or at discretion of fund manager | 65 – 105 days |
| Alternative equity investments/hedge funds: | | | | | | |
| Multi-strategy hedge funds – (d) | — | — | 420,461 | 420,461 | Annually, Quarterly or at discretion of fund manager | 65 – 105 days |
| Total investments and assets held in custody for others | $ 79,857,539 | 83,652,482 | 128,957,713 | 292,467,734 | | |
| Assets held in deferred compensation accounts | $ 1,677,521 | — | — | 1,677,521 | Daily | None |
| Liabilities: | | | | | | |
| Disclosure: | | | | | | |
| Bonds payable | $ — | 4,375,000 | — | 4,375,000 | N/A | N/A |



(Continued)

| | 2012 | | | | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** | **Redemption or liquidation** | **Notice period** |
| Assets: | | | | | | |
| Recurring: | | | | | | |
| Cash and cash equivalents | $ 11,708,459 | — | — | 11,708,459 | Daily | None |
| Investments and assets held in custody for others: | | | | | | |
| Short-term investments | 785,970 | — | — | 785,970 | Daily | None |
| Fixed income: | | | | | | |
| Mutual funds | 545,527 | — | — | 545,527 | Daily | None |
| Fixed income securities | — | 43,087,304 | — | 43,087,304 | Monthly | 5 days |
| Corporate stocks | 17,099,756 | — | — | 17,099,756 | Daily | None |
| Equity – mutual funds | 11,588,236 | — | — | 11,588,236 | Daily | None |
| Community Foundation | — | — | 32,555 | 32,555 | At discretion of foundation | At discretion of foundation |
| Investment in limited partnerships: | | | | | | |
| U.S. Equity – (a) | — | 33,614,332 | — | 33,614,332 | Monthly | 15 days |
| Non-U.S. Equities/Emerging Markets – (b) | — | — | 11,444,000 | 11,444,000 | Quarterly | 90 days |
| Event Driven hedge funds – (e) | — | — | 11,344,000 | 11,344,000 | Annually | 45 days |
| Private Equity – (f) | — | — | 2,191,668 | 2,191,668 | At discretion of general partner | At discretion of general partner |
| Multi-Strategy hedge funds – (d) | — | — | 11,110,999 | 11,110,999 | Quarterly | 65 days |
| Credit/distressed hedge funds – (c) | — | 32,481,873 | 20,567,924 | 53,049,797 | Monthly, Quarterly or annually | 65 – 90 days |
| Global Macro (g) | — | — | 4,175,000 | 4,175,000 | Semi-annually | 60 days |
| Investment in trusts: | | | | | | |
| Emerging markets – (b) | — | 18,782,197 | — | 18,782,197 | Monthly | 30 days |
| Equity – (b) | — | 12,088,805 | — | 12,088,805 | Monthly | 6 days |
| International REIT's | 2,656,019 | 14,476,200 | — | 17,132,219 | Daily | 1 day |
| Alternative equity investments/hedge funds: | | | | | | |
| Multi-strategy hedge funds – (d) | — | — | 9,828,000 | 9,828,000 | Annually, Quarterly or at discretion of fund manager | 65 – 105 days |
| Credit/distressed hedge funds – (c) | — | — | 199,814 | 199,814 | Quarterly, bi-annually or at discretion of fund manager | 45 – 90 days |
| Investment in limited liability companies: | | | | | | |
| Global Macro (g) | — | — | 10,620,000 | 10,620,000 | Monthly | 65 days |
| Total investments and assets held in custody for others | $ 32,675,508 | 154,530,711 | 81,513,960 | 268,720,179 | | |
| Assets held in deferred compensation accounts | $ 1,407,424 | — | — | 1,407,424 | Daily | None |
| Liabilities: | | | | | | |
| Disclosure: | | | | | | |
| Bonds payable | $ — | 4,781,250 | — | 4,781,250 | N/A | N/A |



(Continued)

**a. U.S. Equity** – This class includes funds that buy and hold shares of publicly listed domestic companies. The managers employ a variety of disciplines and investment styles – growth, value, large and small-cap – while investing in companies across a range of industries. These funds will typically employ fundamental investment techniques and hold assets that are highly liquid. The fair value of these investments has been estimated using the net asset value per share of the investments.

**b. Non-U.S. Equities/Emerging Markets** – This class includes funds that buy and hold shares of publicly listed companies in developed and emerging foreign markets. The managers employ a variety of specific disciplines – growth, value, large and small-cap – while investing in companies across a range of industries and countries. These funds will typically employ fundamental investment techniques and hold assets that are highly liquid. The fair value of these investments has been estimated using the net asset value per share of the investments.

**c. Credit/Distressed** – This class includes investments in funds that buy bonds or structured credit products expected to appreciate in value and short those they expect to decline in value. These managers will invest in corporate bonds, structured products, bank loans and fixed income derivatives. Distressed-debt managers typically focus on bonds and bank loans trading at a significant discount to par value as a result of the debtor company's troubled financial condition. These managers may become actively involved in company reorganization and bankruptcy committees and may also buy bonds with the expectation that they will be converted to equity. The fair value of these investments has been estimated using the net asset value per share of the investments. Investments representing 7% of this class cannot be redeemed due to liquidity restrictions and will be distributed at the managers' discretion.

**d. Multi-Strategy** – This class includes investments in funds that invest in different strategies, shifting capital among them according to their profitability. These managers employ event driven and diversified strategies, seeking to generate risk-adjusted returns across business and market cycles. In addition, they may also engage in other areas, such as private placements, insurance and real estate. The term open mandate is sometimes used synonymously with multi-strategy. The fair value of these investments has been estimated using the net asset value per share of the investments. Investments representing 5% of this class cannot be redeemed due to liquidity restrictions and will be distributed at the managers' discretion.

**e. Event Driven** – This class includes investments in funds that seek to capture valuation spreads between two or more financial instruments. Event-driven managers have a broad mandate to seek profits from all types of corporate events, including mergers, reorganizations, spin-offs, recapitalizations, litigations, and potential bankruptcies. Event-driven managers may also get involved in special situations investing, such as providing short-term, high-yield interim financing to companies in the midst of reorganization. Investments representing 10% of this class cannot be redeemed due to liquidity restrictions and will be distributed at the managers' discretion. The fair value of these investments has been estimated using the net asset value per share of the investments.

**f. Private Equity** – This class includes a fund of funds that invests in private equity funds making investments in the U.S. across a broad range of industries and company sizes. These investments cannot be redeemed at the investor's request. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. Therefore, the fair values of the investments in this class have been estimated by the fund managers using recent observable transaction information for similar investments and other valuation methods.

**g. Global Macro** – This class includes investments in funds that will trade the assets of the Fund in futures, physicals, options and forward contracts in the global fixed income, currency, stock index energy and commodities market. The strategy may also include other investment instruments, including transactions in securities, foreign exchange, fixed income instruments and swaps that relate to such markets. The fair value of these investments has been estimated using the net asset value per share of the investments.

During 2013, changes in the fair value of investments and assets held in custody for others classified as Level 3 in the fair value hierarchy are as follows:

| | Community Foundation | Limited partnerships | Limited liability companies | Alternative equity investments | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2012 | $ 32,555 | 60,833,591 | 10,620,000 | 10,027,814 | 81,513,960 |
| Total realized and unrealized gains (losses), included in earnings | — | 15,058,894 | 213,597 | 46,941 | 15,319,432 |
| Additions during the year | — | 87,068,538 | — | — | 87,068,538 |
| Settlements during the year | — | (34,456,326) | (10,833,597) | (9,654,294) | (54,944,217) |
| Balance at December 31, 2013 | $ 32,555 | 128,504,697 | — | 420,461 | 128,957,713 |

During 2012, changes in the fair value of investments classified as Level 3 in the fair value hierarchy are as follows:

| | Community Foundation | Limited partnerships | Limited liability companies | Alternative equity investments | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2011 | $ 32,555 | 12,516,419 | — | 50,017,214 | 62,566,188 |
| Total realized and unrealized gains (losses), included in earnings | — | 4,921,393 | (490,603) | 990,865 | 5,421,655 |
| Additions during the year | — | 44,410,624 | 11,110,603 | — | 55,521,227 |
| Settlements during the year | — | (1,014,845) | — | (40,980,265) | (41,995,110) |
| Balance at December 31, 2012 | $ 32,555 | 60,833,591 | 10,620,000 | 10,027,814 | 81,513,960 |

## (18) Commitments and Contingencies

### *Legal Matters*

BGCA is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, the outcome of such actions will not have a material adverse effect on the financial position of BGCA.

## (19) Subsequent Events

BGCA evaluated events subsequent to December 31, 2013 and through August 22, 2014 the date on which the consolidated financial statements were available for issuance and determined that all significant events and disclosures are included in the consolidated financial statements.

**Schedule 1**

**BOYS & GIRLS CLUBS OF AMERICA – NATIONAL ORGANIZATION (EXCLUDING SUBSIDIARY ORGANIZATIONS)**

Statements of Financial Position – Information

December 31, 2013 and 2012

| **Assets** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 15,109,078 | 8,216,289 |
| Investments | 279,643,242 | 256,931,380 |
| Assets held in custody for others | 12,824,492 | 11,788,799 |
| Membership dues and grants receivable, net | 1,634,717 | 3,039,237 |
| Contributions receivable, net | 69,050,705 | 55,099,877 |
| Assets held in deferred compensation accounts | 1,677,521 | 1,407,424 |
| Split interest agreements | 3,818,028 | 3,804,226 |
| Land, buildings, and equipment, net | 26,258,579 | 26,845,481 |
| Other assets | 1,990,324 | 1,994,961 |
| Total assets | $ 412,006,686 | 369,127,674 |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | $ 12,961,181 | 13,070,616 |
| Obligations for custodial funds | 12,824,492 | 11,788,799 |
| Liability under deferred compensation agreements | 1,677,521 | 1,407,424 |
| Annuities payable | 2,497,305 | 2,297,679 |
| Bonds payable | 4,375,000 | 4,781,250 |
| Total liabilities | 34,335,499 | 33,345,768 |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 1,356,055 | 1,515,230 |
| Board-designated | 177,368,393 | 160,500,981 |
| | 178,724,448 | 162,016,211 |
| Temporarily restricted | 165,179,628 | 140,299,086 |
| Permanently restricted | 33,767,111 | 33,466,609 |
| Total net assets | 377,671,187 | 335,781,906 |
| Total liabilities and net assets | $ 412,006,686 | 369,127,674 |

See accompanying independent auditors' report

Schedule 2

**BOYS & GIRLS CLUBS OF AMERICA – NATIONAL ORGANIZATION**
**(EXCLUDING SUBSIDIARY ORGANIZATIONS)**

Statement of Activities – Information

Year ended December 31, 2013

(with comparative totals for 2012)

| | Unrestricted | | | | | Total | |
|---|---|---|---|---|---|---|---|
| | Undesignated | Board-designated | Total unrestricted | Temporarily restricted | Permanently restricted | 2013 | 2012 |
| Changes in net assets: | | | | | | | |
| Revenue, gains, and other support: | | | | | | | |
| Contributions | $ 5,418,061 | 265,887 | 5,683,948 | 70,115,571 | 300,502 | 76,100,021 | 86,121,215 |
| Government grants and contracts (includes pass through to clubs for 2013 and 2012 of $26,517,394 and $39,183,706, respectively) | 32,585,869 | — | 32,585,869 | — | — | 32,585,869 | 43,214,257 |
| Income from funds held in trust by others | 129,502 | — | 129,502 | 1,165,501 | — | 1,295,003 | 1,244,934 |
| Fund raising events: | | | | | | | |
| Revenue generated | 8,935,463 | — | 8,935,463 | 717,084 | — | 9,652,547 | 8,924,921 |
| Less direct operating costs | (2,315,197) | — | (2,315,197) | — | — | (2,315,197) | (1,988,236) |
| Fund-raising events revenue in excess of direct costs | 6,620,266 | — | 6,620,266 | 717,084 | — | 7,337,350 | 6,936,685 |
| Member organization dues | 6,820,437 | — | 6,820,437 | — | — | 6,820,437 | 6,630,073 |
| Investment income, net of advisory and custody fees and taxes | — | (799,071) | (799,071) | 356,135 | — | (442,936) | 312,417 |
| Net realized and unrealized gains (losses) on investments | 3,483 | 25,703,532 | 25,707,015 | 14,889,362 | — | 40,596,377 | 31,898,798 |
| Other | 498,611 | 364,756 | 863,367 | 111,331 | — | 974,698 | 808,240 |
| Total revenue and gains | 52,076,229 | 25,535,104 | 77,611,333 | 87,354,984 | 300,502 | 165,266,819 | 177,166,619 |
| Net assets released from restrictions: | | | | | | | |
| Satisfaction of program restrictions | 56,416,834 | 366,776 | 56,783,610 | (56,783,610) | — | — | — |
| Expirations of time restrictions | 5,690,832 | — | 5,690,832 | (5,690,832) | — | — | — |
| Total net assets released from restrictions | 62,107,666 | 366,776 | 62,474,442 | (62,474,442) | — | — | — |
| Total revenue, gains, and other support | 114,183,895 | 25,901,880 | 140,085,775 | 24,880,542 | 300,502 | 165,266,819 | 177,166,619 |
| Expenses and losses: | | | | | | | |
| On-site assistance to member clubs and establishment of new clubs | 34,075,259 | 466,685 | 34,541,944 | — | — | 34,541,944 | 30,599,171 |
| Leadership training, development, and support of youth programs | 61,368,475 | 6,064,783 | 67,433,258 | — | — | 67,433,258 | 77,744,032 |
| Management and general | 13,488,685 | 245,120 | 13,733,805 | — | — | 13,733,805 | 14,481,765 |
| Fund-raising | 7,604,968 | 63,563 | 7,668,531 | — | — | 7,668,531 | 5,321,022 |
| Total expenses and losses | 116,537,387 | 6,840,151 | 123,377,538 | — | — | 123,377,538 | 128,145,990 |
| Changes in net assets before transfers | (2,353,492) | 19,061,729 | 16,708,237 | 24,880,542 | 300,502 | 41,889,281 | 49,020,629 |
| Other changes in net assets – transfers | 2,194,317 | (2,194,317) | — | — | — | — | — |
| Change in net assets | (159,175) | 16,867,412 | 16,708,237 | 24,880,542 | 300,502 | 41,889,281 | 49,020,629 |
| Net assets at beginning of year | 1,515,230 | 160,500,981 | 162,016,211 | 140,299,086 | 33,466,609 | 335,781,906 | 286,761,277 |
| Net assets at end of year | $ 1,356,055 | 177,368,393 | 178,724,448 | 165,179,628 | 33,767,111 | 377,671,187 | 335,781,906 |

See accompanying independent auditors' report

**Schedule 3**

**BOYS & GIRLS CLUBS OF AMERICA – NATIONAL ORGANIZATION**
**(EXCLUDING SUBSIDIARY ORGANIZATIONS)**

Statements of Cash Flows – Information

Years ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 41,889,281 | 49,020,629 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation and amortization | 1,045,158 | 1,134,759 |
| Net realized and unrealized gains on investments | (40,153,441) | (32,261,784) |
| Contributions restricted for long-term investment | (300,502) | (500) |
| In-kind contributions of investments | (1,211,463) | (2,901,320) |
| Decrease (increase) in membership dues and grants receivable | 1,404,520 | (2,076,564) |
| Increase in contributions receivable | (13,950,828) | (33,766,744) |
| Increase in split interest agreements | (13,802) | (74,499) |
| Increase in other assets | (2,957) | (488,241) |
| (Decrease) increase in accounts payable and accrued expenses | (291,269) | 4,065,175 |
| Increase in annuities payable | 288,049 | 233,358 |
| Net cash used in operating activities | (11,297,254) | (17,115,731) |
| Cash flows from investing activities: | | |
| Proceeds from sales of investments | 319,178,485 | 107,459,354 |
| Purchase of investments | (300,525,443) | (87,796,851) |
| Purchases of property and equipment | (187,662) | (575,793) |
| Net cash provided by investing activities | 18,465,380 | 19,086,710 |
| Cash flows from financing activities: | | |
| Contributions restricted for long-term investment | 300,502 | 500 |
| Principal repayments on bonds payable and capital leases | (487,416) | (569,678) |
| Payments to life income beneficiaries | (88,423) | (88,423) |
| Net cash used in financing activities | (275,337) | (657,601) |
| Net increase in cash and cash equivalents | 6,892,789 | 1,313,378 |
| Cash and cash equivalents at beginning of year | 8,216,289 | 6,902,911 |
| Cash and cash equivalents at end of year | $ 15,109,078 | 8,216,289 |
| Supplemental disclosure: | | |
| Cash paid for interest | $ 85,475 | 100,824 |
| In-kind gifts – investments | 1,211,463 | 2,901,320 |
| Land, buildings, and equipment acquisitions that were reflected in accounts payable and accrued expenses | 263,000 | — |

See accompanying notes to consolidated financial statements.

Schedule 4

**BOYS & GIRLS CLUBS OF AMERICA – NATIONAL ORGANIZATION**
**(EXCLUDING SUBSIDIARY ORGANIZATIONS)**

Statement of Functional Expenses – Information

Year ended December 31, 2013

| | Program services | | | Supporting services | | | |
|---|---|---|---|---|---|---|---|
| | On-site assistance to member clubs and establishment of new clubs | Leadership training, development, and support of youth programs | Total program services | Management and general | Fund-raising | Total supporting services | Total expenses |
| Salary | $ 11,483,122 | 10,470,243 | 21,953,365 | 7,492,424 | 5,011,701 | 12,504,125 | 34,457,490 |
| Benefits | 2,365,770 | 2,594,970 | 4,960,740 | 1,807,297 | 580,779 | 2,388,076 | 7,348,816 |
| Payroll taxes | 782,565 | 802,044 | 1,584,609 | 437,122 | 345,065 | 782,187 | 2,366,796 |
| Total salaries and related expenses | 14,631,457 | 13,867,257 | 28,498,714 | 9,736,843 | 5,937,545 | 15,674,388 | 44,173,102 |
| Contractual services | 2,280,480 | 7,524,276 | 9,804,756 | 1,293,303 | 321,747 | 1,615,050 | 11,419,806 |
| Supplies | 353,070 | 788,774 | 1,141,844 | 146,386 | 84,511 | 230,897 | 1,372,741 |
| Telephone | 326,281 | 143,119 | 469,400 | 116,227 | 91,777 | 208,004 | 677,404 |
| Postage and shipping | 210,126 | 228,648 | 438,774 | 155,475 | 33,116 | 188,591 | 627,365 |
| Occupancy | 1,071,869 | 280,563 | 1,352,432 | 597,835 | 212,322 | 810,157 | 2,162,589 |
| Printing and artwork | 256,850 | 341,323 | 598,173 | 191,106 | 32,683 | 223,789 | 821,962 |
| Travel | 2,963,361 | 1,514,412 | 4,477,773 | 432,359 | 706,547 | 1,138,906 | 5,616,679 |
| Training conferences | 726,487 | 1,551,401 | 2,277,888 | 172,026 | 95,776 | 267,802 | 2,545,690 |
| Membership dues | 11,186 | 3,581 | 14,767 | 51,632 | 3,395 | 55,027 | 69,794 |
| Awards and grants | 10,868,561 | 40,680,435 | 51,548,996 | — | — | — | 51,548,996 |
| Interest expense | — | — | — | 56,465 | — | 56,465 | 56,465 |
| Miscellaneous | 375,531 | 247,273 | 622,804 | 539,028 | 85,549 | 624,577 | 1,247,381 |
| Depreciation | 466,685 | 262,196 | 728,881 | 245,120 | 63,563 | 308,683 | 1,037,564 |
| Total expenses | $ 34,541,944 | 67,433,258 | 101,975,202 | 13,733,805 | 7,668,531 | 21,402,336 | 123,377,538 |

See accompanying independent auditor’s report.

Schedule 5

**BOYS & GIRLS CLUBS OF AMERICA – NATIONAL ORGANIZATION**
**(EXCLUDING SUBSIDIARY ORGANIZATIONS)**

Statement of Functional Expenses – Information

Year ended December 31, 2012

| | Program services | | | Supporting services | | | |
|---|---|---|---|---|---|---|---|
| | On-site assistance to member clubs and establishment of new clubs | Leadership training, development, and support of youth programs | Total program services | Management and general | Fund-raising | Total supporting services | Total expenses |
| Salary | $ 9,954,438 | 10,056,309 | 20,010,747 | 7,579,690 | 3,375,716 | 10,955,406 | 30,966,153 |
| Benefits | 2,484,381 | 2,513,609 | 4,997,990 | 1,818,472 | 563,355 | 2,381,827 | 7,379,817 |
| Payroll taxes | 703,501 | 726,091 | 1,429,592 | 471,987 | 233,147 | 705,134 | 2,134,726 |
| Total salaries and related expenses | 13,142,320 | 13,296,009 | 26,438,329 | 9,870,149 | 4,172,218 | 14,042,367 | 40,480,696 |
| Contractual services | 1,166,876 | 3,519,308 | 4,686,184 | 1,784,416 | 247,464 | 2,031,880 | 6,718,064 |
| Supplies | 370,785 | 611,646 | 982,431 | 93,846 | 66,593 | 160,439 | 1,142,870 |
| Telephone | 304,792 | 155,647 | 460,439 | 123,093 | 75,830 | 198,923 | 659,362 |
| Postage and shipping | 156,311 | 260,118 | 416,429 | 165,776 | 24,770 | 190,546 | 606,975 |
| Occupancy | 879,308 | 480,904 | 1,360,212 | 682,323 | 145,070 | 827,393 | 2,187,605 |
| Printing and artwork | 216,430 | 471,155 | 687,585 | 77,315 | 21,116 | 98,431 | 786,016 |
| Travel | 2,556,912 | 1,379,467 | 3,936,379 | 437,631 | 415,646 | 853,277 | 4,789,656 |
| Training conferences | 1,169,440 | 914,690 | 2,084,130 | 48,690 | 36,474 | 85,164 | 2,169,294 |
| Membership dues | 9,202 | 3,448 | 12,650 | 49,583 | 1,327 | 50,910 | 63,560 |
| Awards and grants | 9,921,533 | 56,143,828 | 66,065,361 | — | — | — | 66,065,361 |
| Interest expense | — | — | — | 79,682 | — | 79,682 | 79,682 |
| Miscellaneous | 374,768 | 111,048 | 485,816 | 749,344 | 35,161 | 784,505 | 1,270,321 |
| Depreciation | 330,494 | 396,764 | 727,258 | 319,917 | 79,353 | 399,270 | 1,126,528 |
| Total expenses | $ 30,599,171 | 77,744,032 | 108,343,203 | 14,481,765 | 5,321,022 | 19,802,787 | 128,145,990 |

See accompanying independent auditor's report.