KPMG

BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2015 and 2014

(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, 2015 and 2014, 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% of consolidated total assets at both December 31, 2015 and 2014, total revenues constituting 26% and 24%, respectively, of consolidated total revenues for the years then ended, and total change in net assets constituting 22% and less than 1%, respectively, 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.

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, 2015 and 2014, 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
September 23, 2016

BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents	$	29,508,891	25,615,840
Investments (notes 2 and 17)		271,370,438	284,330,415
Assets held in custody for others (notes 2, 15, and 17)		12,186,357	12,891,861
Membership dues and grants receivable, net		8,648,432	7,377,396
Contributions receivable (note 3)		85,572,482	86,368,832
Assets held in deferred compensation accounts (notes 6 and 17)		1,948,753	1,858,725
Split interest agreements		3,300,039	3,669,534
Land, buildings, and equipment, net (note 4)		28,003,093	26,060,019
Other assets		2,091,533	2,084,826
Total assets	$	442,630,018	450,257,448
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	27,955,338	23,567,202
Obligations for custodial funds (note 15)		12,186,357	12,891,861
Liability under deferred compensation agreements (note 6)		1,948,753	1,858,725
Annuities payable		2,299,854	2,468,685
Bonds payable (notes 16 and 17)		—	3,968,750
Total liabilities		44,390,302	44,755,223
Net assets:			
Unrestricted:			
Undesignated (note 7)		2,976,902	2,098,625
Board-designated (notes 5, 7, 11 and 12)		165,984,015	176,810,031
		168,960,917	178,908,656
Temporarily restricted (notes 9 and 12)		195,483,185	192,798,955
Permanently restricted (note 12)		33,795,614	33,794,614
Total net assets		398,239,716	405,502,225
Commitments (notes 5, 6, 14, 15, 16 and 18)			
Total liabilities and net assets	$	442,630,018	450,257,448

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended December 31, 2015
(with comparative totals for 2014)

	Unrestricted					Total	
	Undesignated	Board-designated	Total unrestricted	Temporarily restricted	Permanently restricted	2015	2014
Changes in net assets:							
Revenue, gains, and other support:							
Contributions	$ 5,482,803	256,807	5,739,610	88,848,706	1,000	94,589,316	92,460,984
Contributions in-kind	1,925,132	1,765,359	3,690,491	—	—	3,690,491	1,286,843
Government grants and contracts, including amounts passed-through to member clubs (note 8)	31,096,837	—	31,096,837	30,528,029	—	61,624,866	65,940,455
Income from funds held in trust by others	147,051	—	147,051	1,323,478	—	1,470,529	1,338,178
Fund raising events:							
Revenue generated	7,661,770	—	7,661,770	1,030,852	—	8,692,622	12,158,394
Less direct operating costs (note 13)	(2,589,053)	—	(2,589,053)	—	—	(2,589,053)	(3,186,399)
Fund-raising events revenue in excess of direct costs	5,072,717	—	5,072,717	1,030,852	—	6,103,569	8,971,995
Member organization dues	9,645,737	—	9,645,737	—	—	9,645,737	10,391,201
Investment income, net of advisory and custody fees	4,517	(161,409)	(156,892)	512,629	—	355,737	121,445
Net realized and unrealized gains (losses) on investments	(3,949)	600,188	596,239	(112,037)	—	484,202	15,320,546
Other	1,446,097	81,362	1,527,459	231,108	—	1,758,567	930,003
Total revenue and gains	54,816,942	2,542,307	57,359,249	122,362,765	1,000	179,723,014	196,761,650
Net assets released from restrictions (note 10):							
Satisfaction of program restrictions	115,762,248	—	115,762,248	(115,762,248)	—	—	—
Expirations of time restrictions	3,916,287	—	3,916,287	(3,916,287)	—	—	—
Total net assets released from restrictions	119,678,535	—	119,678,535	(119,678,535)	—	—	—
Total revenue, gains, and other support	174,495,477	2,542,307	177,037,784	2,684,230	1,000	179,723,014	196,761,650
Expenses and losses:							
On-site assistance to member clubs and establishment of new clubs	58,126,399	7,106,439	65,232,838	—	—	65,232,838	51,944,425
Leadership training, development, and support of youth programs	89,541,767	160,986	89,702,753	—	—	89,702,753	89,339,540
Management and general	21,094,289	246,165	21,340,454	—	—	21,340,454	20,603,634
Fund-raising	10,617,780	91,698	10,709,478	—	—	10,709,478	9,505,814
Total expenses and losses	179,380,235	7,605,288	186,985,523	—	—	186,985,523	171,393,413
Changes in net assets before transfers	(4,884,758)	(5,062,981)	(9,947,739)	2,684,230	1,000	(7,262,509)	25,368,237
Other changes in net assets – transfers (note 7)	5,763,035	(5,763,035)	—	—	—	—	—
Change in net assets	878,277	(10,826,016)	(9,947,739)	2,684,230	1,000	(7,262,509)	25,368,237
Net assets at beginning of year	2,098,625	176,810,031	178,908,656	192,798,955	33,794,614	405,502,225	380,133,988
Net assets at end of year	$ 2,976,902	165,984,015	168,960,917	195,483,185	33,795,614	398,239,716	405,502,225

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended December 31, 2014

	Unrestricted					
	Undesignated	Board-designated	Total unrestricted	Temporarily restricted	Permanently restricted	Total 2014
Changes in net assets:						
Revenue, gains, and other support:						
Contributions	$ 4,417,609	464,065	4,881,674	87,551,807	27,503	92,460,984
Contributions in-kind	1,286,843	—	1,286,843	—	—	1,286,843
Government grants and contracts, including amounts passed-through to member clubs (note 8)	32,846,099	—	32,846,099	33,094,356	—	65,940,455
Income from funds held in trust by others	112,038	—	112,038	1,226,140	—	1,338,178
Fund raising events:						
Revenue generated	11,285,394	—	11,285,394	873,000	—	12,158,394
Less direct operating costs (note 13)	(3,186,399)	—	(3,186,399)	—	—	(3,186,399)
Fund-raising events revenue in excess of direct costs	8,098,995	—	8,098,995	873,000	—	8,971,995
Member organization dues	10,391,201	—	10,391,201	—	—	10,391,201
Investment income, net of advisory and custody fees	3,804	(452,405)	(448,601)	570,046	—	121,445
Net realized and unrealized (losses) gains on investments	25,951	10,124,362	10,150,313	5,170,233	—	15,320,546
Other	691,138	120,599	811,737	118,266	—	930,003
Total revenue and gains	57,873,678	10,256,621	68,130,299	128,603,848	27,503	196,761,650
Net assets released from restrictions (note 10):						
Satisfaction of program restrictions	95,972,523	—	95,972,523	(95,972,523)	—	—
Expirations of time restrictions	5,761,977	—	5,761,977	(5,761,977)	—	—
Total net assets released from restrictions	101,734,500	—	101,734,500	(101,734,500)	—	—
Total revenue, gains, and other support	159,608,178	10,256,621	169,864,799	26,869,348	27,503	196,761,650
Expenses and losses:						
On-site assistance to member clubs and establishment of new clubs	47,278,164	4,666,261	51,944,425	—	—	51,944,425
Leadership training, development, and support of youth programs	89,204,028	135,512	89,339,540	—	—	89,339,540
Management and general	20,276,177	327,457	20,603,634	—	—	20,603,634
Fund-raising	9,453,227	52,587	9,505,814	—	—	9,505,814
Total expenses and losses	166,211,596	5,181,817	171,393,413	—	—	171,393,413
Changes in net assets before transfers	(6,603,418)	5,074,804	(1,528,614)	26,869,348	27,503	25,368,237
Other changes in net assets – transfers (note 7)	5,643,047	(5,643,047)	—	—	—	—
Change in net assets	(960,371)	(568,243)	(1,528,614)	26,869,348	27,503	25,368,237
Net assets at beginning of year	3,058,996	177,378,274	180,437,270	165,929,607	33,767,111	380,133,988
Net assets at end of year	$ 2,098,625	176,810,031	178,908,656	192,798,955	33,794,614	405,502,225

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	(7,262,509)	25,368,237
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		734,953	643,706
Net realized and unrealized gains on investments		(835,422)	(15,439,707)
Contributions restricted for long-term investment		(1,000)	(27,503)
In-kind contributions		(2,884,273)	(1,286,843)
(Increase) decrease in membership dues and grants receivable, net		(1,271,036)	2,418,100
Decrease (increase) in contributions receivable		796,350	(17,318,127)
Decrease in split interest agreements		369,495	148,494
Increase in other assets		(41,893)	(42,885)
Increase in accounts payable and accrued expenses		4,651,136	258,700
(Decrease) increase in annuities payable		(114,548)	59,803
Net cash used in operating activities		(5,858,747)	(5,218,025)
Cash flows from investing activities:			
Proceeds from sales of investments		36,619,533	120,464,895
Purchase of investments		(21,705,220)	(108,425,518)
Purchases of property and equipment		(1,140,482)	(174,730)
Net cash provided by investing activities		13,773,831	11,864,647
Cash flows from financing activities:			
Contributions restricted for long-term investment		1,000	27,503
Principal repayments on bonds payable and capital leases		(3,968,750)	(406,250)
Payment to life income beneficiaries		(54,283)	(88,423)
Net cash used in financing activities		(4,022,033)	(467,170)
Net increase in cash and cash equivalents		3,893,051	6,179,452
Cash and cash equivalents at beginning of year		25,615,840	19,436,388
Cash and cash equivalents at end of year	$	29,508,891	25,615,840
Supplemental disclosure:			
Cash paid for interest	$	41,489	74,423
Cash paid for taxes		631,994	689,605
In-kind gifts – investments		1,118,914	1,286,843
In-kind gifts – equipment		1,765,359	—
In-kind gifts – services		806,218	—
Land, buildings, and equipment acquisitions that were 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, 2015

	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**
Salaries	$ 18,380,056	7,385,566	25,765,622	8,898,195	5,603,068	14,501,263	40,266,885
Benefits	3,651,700	1,479,403	5,131,103	1,664,993	880,540	2,545,533	7,676,636
Payroll taxes	1,315,032	523,920	1,838,952	503,286	377,715	881,001	2,719,953
Total salaries and related expenses	23,346,788	9,388,889	32,735,677	11,066,474	6,861,323	17,927,797	50,663,474
Contractual services	6,795,906	7,538,347	14,334,253	5,817,423	2,258,658	8,076,081	22,410,334
Supplies	1,403,685	1,586,290	2,989,975	285,414	97,437	382,851	3,372,826
Telephone	416,590	116,005	532,595	143,976	104,519	248,495	781,090
Postage and shipping	352,138	109,418	461,556	134,185	133,651	267,836	729,392
Occupancy	554,070	201,789	755,859	1,406,145	128,173	1,534,318	2,290,177
Printing and artwork	431,277	367,312	798,589	262,056	73,203	335,259	1,133,848
Travel	3,631,450	870,761	4,502,211	546,950	703,913	1,250,863	5,753,074
Training conferences	2,885,676	1,213,903	4,099,579	767,704	170,324	938,028	5,037,607
Membership dues	43,914	9,814	53,728	54,490	11,378	65,868	119,596
Awards and grants	24,903,407	67,937,395	92,840,802	—	—	—	92,840,802
Interest expense	—	—	—	41,489	—	41,489	41,489
Miscellaneous	267,019	201,844	468,863	567,983	75,201	643,184	1,112,047
Depreciation	200,918	160,986	361,904	246,165	91,698	337,863	699,767
Total expenses	$ 65,232,838	89,702,753	154,935,591	21,340,454	10,709,478	32,049,932	186,985,523

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF AMERICA AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year ended December 31, 2014

	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**
Salaries	$ 16,701,058	7,478,668	24,179,726	8,285,775	5,506,822	13,792,597	37,972,323
Benefits	3,453,690	1,650,547	5,104,237	1,740,678	725,499	2,466,177	7,570,414
Payroll taxes	1,193,547	528,063	1,721,610	588,698	369,754	958,452	2,680,062
Total salaries and related expenses	21,348,295	9,657,278	31,005,573	10,615,151	6,602,075	17,217,226	48,222,799
Contractual services	5,909,927	5,997,177	11,907,104	5,813,384	1,489,634	7,303,018	19,210,122
Supplies	658,526	545,790	1,204,316	276,412	109,061	385,473	1,589,789
Telephone	367,716	126,496	494,212	110,100	94,574	204,674	698,886
Postage and shipping	294,364	177,995	472,359	178,632	57,459	236,091	708,450
Occupancy	608,476	178,002	786,478	1,185,843	107,944	1,293,787	2,080,265
Printing and artwork	368,864	382,733	751,597	189,205	67,325	256,530	1,008,127
Travel	3,475,768	1,197,256	4,673,024	618,690	756,364	1,375,054	6,048,078
Training conferences	1,444,473	1,217,297	2,661,770	793,212	106,889	900,101	3,561,871
Membership dues	45,026	4,717	49,743	52,968	11,434	64,402	114,145
Awards and grants	16,955,734	69,572,992	86,528,726	—	—	—	86,528,726
Interest expense	—	—	—	79,267	—	79,267	79,267
Miscellaneous	235,997	146,295	382,292	470,064	50,468	520,532	902,824
Depreciation	231,259	135,512	366,771	220,706	52,587	273,293	640,064
Total expenses	$ 51,944,425	89,339,540	141,283,965	20,603,634	9,505,814	30,109,448	171,393,413

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 51 and 50 at December 31, 2015 and 2014, respectively.

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 member clubs.

(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.

BGCA has estimated the fair value of the majority of its investments in investment funds on the basis of the net asset value (NAV) per share of the investment, as a practical expedient, if a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated by the fund manager as of BGCA's fiscal year end date. Typically, real estate partnerships and funds are valued based on appraisals of underlying properties held and 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, 2015 and 2014 (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 the values of assets, accretion of the discount and other changes in the estimates of future benefits.

(g) Land, Buildings and Equipment

Land, buildings and equipment are stated at cost at the date of acquisition or at fair value if acquired through donation. 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 2015 and 2014, $380,000 and $172,000, respectively, was provided for income taxes.

BGCA's subsidiary alliance organizations 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.

(l) New Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-07 (ASU 2015-07), *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent).* ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value per share as a practical expedient. This ASU is effective retrospectively for fiscal years beginning after December 15, 2015, though early adoption is permitted. BGCA elected to adopt ASU 2015-07 as of and for the year ended December 31, 2014. Accordingly, investments for which fair value is measured using net asset value per share as a practical expedient have not been categorized within the fair value hierarchy (note 17).

In June 2015, the FASB released ASU 2015-10, *Technical Corrections and Improvements*, which included amendments to the definition of readily determinable fair value (RDFV). These amendments clarified that investments in both mutual funds and investments in structures similar to mutual funds have a RDFV when certain criteria are met. Prior to these amendments, the definition of RDFV did not include reference to structures similar to mutual funds (typically measured using Net Asset Value (NAV) as a practical expedient). As a result, certain investments that were previously classified as "Investments measured at NAV" in fiscal 2015 were reclassified to Level 1 as an immaterial correction of an error (note 17).

(2) Investments

Investments are carried at estimated fair value and consist of the following at December 31, 2015 and 2014:

		2015	2014
Short-term investments	$	1,651,167	9,831,213
Fixed income:			
Mutual funds		405,048	410,091
Fixed income securities		24,447,926	31,321,782
Corporate stocks-domestic		74,192,317	74,394,781
Community Foundation		39,339	32,555
Investments in limited partnerships		146,439,686	146,804,568
Private equity investments/hedge funds		36,381,312	34,427,286
		283,556,795	297,222,276
Less custodial fund investments		(12,186,357)	(12,891,861)
Total	$	271,370,438	284,330,415

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:

		2015	2014
Realized gains, net	$	600,188	24,712,177
Unrealized losses, net		(115,986)	(9,391,631)
	$	484,202	15,320,546

Investment management expenses were approximately $1,337,000 and $1,174,000 for the years ended December 31, 2015 and 2014, 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 and foreign exchange 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, 2015 and 2014:

		2015	2014
Contributions receivable, gross	$	94,203,742	97,374,275
Less:			
Unamortized discount		(6,473,065)	(8,596,193)
Allowance for uncollectible contributions		(2,158,195)	(2,409,250)
Net unconditional promises to give	$	85,572,482	86,368,832
Amounts due in:			
Less than one year	$	43,114,015	42,388,659
One to five years		51,089,727	54,985,616
	$	94,203,742	97,374,275

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, 2015 and 2014 at rates ranging from 0.12% to 7.85%.

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. During 2014, BGCA received conditional promises to give totaling approximately $33,625,000. Of this amount, approximately $7,700,000 was recognized as revenue during 2015 as conditions imposed on BGCA by the donors were met. There were no new conditional gifts received from donors during 2015.

(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 expense 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, 2015 and 2014:

		2015	2014	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		2,950,160	2,269,252	6–9 years
Furniture, fixtures and equipment		8,354,414	6,392,481	5–7 years
		39,098,372	36,455,531	
Less accumulated depreciation and amortization		(11,095,279)	(10,395,512)	
	$	28,003,093	26,060,019	

Depreciation expense totaled $699,767 and $640,064 for the years ended December 31, 2015 and 2014, respectively.

(5) Retirement Plans

Effective January 1, 2015, BGCA amended its noncontributory defined contribution pension plan to a Defined Contribution 401(k) plan covering all eligible employees. Under the amended plan, BGCA contributes 3% of compensation for each payroll period and a matching contribution for participants who make Elective Deferral Contributions to the Plan of up to 4% of compensation. Under the noncontributory defined contribution pension plan in 2014, BGCA contributed 8% of annual salary for employees working 1,000 hours or more during a calendar year. Pension expense for 2015 and 2014 totaled approximately $2,390,000 and $2,082,000, 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, 2015 and 2014 is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

BGCA also has a retirement fund totaling approximately $622,644 at both December 31, 2015 and 2014 included in board – designated unrestricted net assets.

(Continued)

(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 2015 and 2014 consists of the following:

		2015	2014
Employee contributions	$	134,128	152,159
Distributions		(238,228)	(159,843)
Annuity contracts		183,944	397,572
Change in fair value		10,184	(208,684)
Net change for the year		90,028	181,204
Assets held in and liability under deferred compensation:			
Beginning of year		1,858,725	1,677,521
End of year	$	1,948,753	1,858,725

(7) Transfers

Transfers of net assets for the years ended December 31, 2015 and 2014 consist of the following:

		2015	
		Unrestricted net assets	
Description		Undesignated	Board-designated
Fixed asset acquisitions transferred to unrestricted-board-designated net assets	$	(31,118)	31,118
Investment income transferred in accordance with board spend rate policy		6,525,565	(6,525,565)
Transfer of year-end balance of general operating activities to unrestricted-board-designated net assets		(731,412)	731,412
	$	5,763,035	(5,763,035)

		2014	
		Unrestricted net assets	
Description		**Undesignated**	**Board-designated**
Fixed asset acquisitions transferred to unrestricted-board-designated net assets	$	(94,402)	94,402
Investment income transferred in accordance with board spend rate policy		6,039,003	(6,039,003)
Transfer of year-end balance of general operating activities to unrestricted-board-designated net assets		(301,554)	301,554
	$	5,643,047	(5,643,047)

(8) Government Grants and Contracts

During 2015 and 2014, BGCA received $61,624,866 and $65,940,455, respectively, in various government grants and contracts. Of this amount, $53,967,175 and $59,538,016 was passed through to certain affiliated local member clubs (see note 1) for leadership training, development and support of youth programs during 2015 and 2014, respectively.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes or periods:

		2015	2014
On-site assistance to member clubs and establishment of new clubs	$	131,391,378	119,769,256
Leadership training, development and support of youth programs		54,917,451	60,460,713
Available for use in future periods		9,174,356	12,568,986
	$	195,483,185	192,798,955

(10) Net Assets Released from Restrictions

During 2015 and 2014, 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:

	2015	2014
Purpose restrictions accomplished:		
Expenses for on-site assistance to member clubs and establishment of new clubs	$ 54,948,020	37,674,460
Expenses for leadership training, development and support of youth programs	60,814,228	58,298,063
	115,762,248	95,972,523
Time restrictions expired – passage of specified time	3,916,287	5,761,977
	$ 119,678,535	101,734,500

(11) Unrestricted Net Assets – Board-Designated

Board-designated net assets consist of the following at December 31:

	2015	2014
Functioning as quasi-endowment:		
Reserve fund	$ 120,121,008	136,741,725
Board designated fund	14,330,519	14,963,177
	134,451,527	151,704,902
Other board-designated	3,529,395	3,763,438
Land, buildings, and equipment	28,003,093	21,341,691
	$ 165,984,015	176,810,031

(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

(Continued)

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, 2015 and 2014.

(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. 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, 2015:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	67,456,469	33,795,614	101,252,083
Board-designated quasi-endowment funds	134,451,527	—	—	134,451,527
Total endowment net assets	$ 134,451,527	67,456,469	33,795,614	235,703,610

Endowment net assets consist of the following at December 31, 2014:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	70,161,966	33,794,614	103,956,580
Board-designated quasi-endowment funds	151,704,902	—	—	151,704,902
Total endowment net assets	$ 151,704,902	70,161,966	33,794,614	255,661,482

(Continued)

Changes in endowment net assets for the year ended December 31, 2015 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, December 31, 2014	$ 151,704,902	70,161,966	33,794,614	255,661,482
Contributions	256,807	—	1,000	257,807
Investment return – investment income and net appreciation	520,143	530,350	—	1,050,493
Appropriation of endowment assets for expenditure	(18,030,325)	(3,235,847)	—	(21,266,172)
Endowment net assets, December 31, 2015	$ 134,451,527	67,456,469	33,795,614	235,703,610

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, December 31, 2013	$ 152,157,478	68,209,484	33,767,111	254,134,073
Contributions	584,664	—	27,503	612,167
Investment return – investment income and net appreciation	9,671,955	5,485,262	—	15,157,217
Appropriation of endowment assets for expenditure	(10,709,195)	(3,532,780)	—	(14,241,975)
Endowment net assets, December 31, 2014	$ 151,704,902	70,161,966	33,794,614	255,661,482

(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 2015 and 2014 are as follows:

	2015	2014
Supplies	$ 51,586	210,737
Printing	102,577	80,109
Postage	12,965	19,480
Travel	36,787	57,857
Banquets and space rental	1,876,515	1,557,156
Entertainment, event management, and speakers	508,623	1,261,060
	$ 2,589,053	3,186,399

(14) Leases

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

Years ending December 31:	
2016	$ 617,199
2017	523,430
2018	81,679
	$ 1,222,308

Rental expense under operating leases totaled approximately $720,000 and $782,000 for the years ended December 31, 2015 and 2014, respectively.

BGCA leases a portion of its National Office facility and subleases leased space in New York, NY 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:

Years ending December 31:	
2016	$ 1,306,936
2017	1,296,392
2018	948,876
2019	586,582
2020	288,348
Thereafter	865,044
	$ 5,292,178

Rental income totaled approximately $1,333,000 and $1,214,000 for the years ended December 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

		2015	2014
New custodial funds received	$	—	90,000
Net gains (losses) on investments and other receipts		(16,318)	641,428
Disbursements		(689,186)	(664,059)
Net change for the year		(705,504)	67,369
Assets held in custody for others:			
Beginning of year		12,891,861	12,824,492
End of year	$	12,186,357	12,891,861

(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 rate was 1.71% at December 31, 2014. The amended indenture provided for annual principal payments of $406,250 and monthly interest payments through the maturity of the bond. Principal repayments totaling $3,968,750 were made to repay the outstanding bonds during 2015.

(17) Fair Value Measurements

BGCA applies 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 majority of BGCA's investments are held through limited partnerships for which the fair value is estimated using the Net Asset Value (NAV) reported by the investment managers as a practical expedient. In accordance with ASU 2015-07, certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statement of financial position.

The carrying amounts 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) approximate 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 contributions receivable reflected at fair value were approximately $35.6 and $52.4 million at December 31, 2015 and 2014, 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 carrying amounts of obligations for custodial funds, and the liability under deferred compensation agreements are recorded at the fair value of the underlying assets.

(Continued)

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, 2015 and 2014:

	2015						
	Investments measured at NAV	**Level 1**	**Level 2**	**Level 3**	**Total**	**Redemption or liquidation**	**Notice period**
Assets:							
Recurring:							
Cash and cash equivalents	$ —	29,508,891	—	—	29,508,891	Daily	None
Investments, and assets held in custody for others:							
Short-term investments	$ —	1,651,167	—	—	1,651,167	Daily	None
Fixed income:							
Mutual funds	—	405,048	—	—	405,048	Daily	None
Fixed income securities	—	—	24,447,926	—	24,447,926	Monthly	5 days
Corporate stocks	—	74,192,317	—	—	74,192,317	Daily	None
Community Foundation	—	—	—	39,339	39,339	At discretion of foundation	At discretion of foundation
Alternative investments:							
U.S. Equity – (a)	—	22,787,414	—	—	22,787,414	Monthly	15 days
Private Equity – (b)	1,615,548	—	—	—	1,615,548	At discretion of general partner	At discretion of general partner
Credit/Distressed hedge funds – (c)	—	—	10,752,727	—	10,752,727	Quarterly or bi-annually	45–90 days
Multi-Strategy hedge funds – (e)	—	—	147,665,309	—	147,665,309	Annually or quarterly	65 – 105 days
Total investments and assets held in custody for others	$ 1,615,548	99,035,946	182,865,962	39,339	283,556,795		
Assets held in deferred compensation accounts	$ —	1,948,753	—	—	1,948,753	Daily	None

	2014						
	Investments Measured at NAV	**Level 1**	**Level 2**	**Level 3**	**Total**	**Redemption or liquidation**	**Notice period**
Assets:							
Recurring:							
Cash and cash equivalents	$ —	25,615,840	—	—	25,615,840	Daily	None
Investments, and assets held in custody for others:							
Short-term investments	$ —	9,831,213	—	—	9,831,213	Daily	None
Fixed income:							
Mutual funds	—	410,091	—	—	410,091	Daily	None
Fixed income securities	—	—	31,321,782	—	31,321,782	Monthly	5 days
Corporate stocks	—	74,394,781	—	—	74,394,781	Daily	None
Community Foundation	—	—	—	32,555	32,555	At discretion of foundation	At discretion of foundation
Alternative investments:							
U.S. Equity – (a)	—	23,859,153	—	—	23,859,153	Monthly	15 days
Private Equity – (b)	826,435	—	—	—	826,435	At discretion of general partner	At discretion of general partner
Credit/Distressed hedge funds – (c)	—	—	10,671,327	—	10,671,327	Quarterly or bi-annually	45–90 days
Global Macro (d)	—	5,171,333	—	—	5,171,333	Monthly	65 days
Multi-Strategy hedge funds – (e)	—	—	140,703,606	—	140,703,606	Annually or quarterly	65 – 105 days
Total investments and assets held in custody for others	$ 826,435	113,666,571	182,696,715	32,555	297,222,276		
Assets held in deferred compensation accounts	$ —	1,858,725	—	—	1,858,725	Daily	None

Due to the implementation of ASU 2015-10 (note 1(l)), certain investments totaling $29,030,486 and $151,374,933 that were previously classified as “Investments measured at NAV” in fiscal 2014 have been reclassified to Level 1 and Level 2, respectively, as an immaterial correction of an error.

(Continued)

The following is a description of the valuation methodologies and inputs used for alternative investments measured at NAV per share.

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 determined to be the net asset value per share of the investments.

b. 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. The fair value of these investments has been estimated using the net asset value per share of the investment as a practical expedient to estimate fair value.

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 determined to be 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. 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 determined to be the net asset value per share of the investments.

e. 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 determined to be 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.

(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.

Federal Financial Assistance

Federally funded programs are routinely subject to special audits that could result in claims against the resources of BGCA. Management does not believe that there will be any claims arising from such audits that could have a material adverse effect on the financial position of BGCA.

(19) Subsequent Events

BGCA evaluated events subsequent to December 31, 2015 and through September 23, 2016, 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, 2015 and 2014

Assets	**2015**	**2014**
Cash and cash equivalents	$ 22,472,774	19,358,238
Investments	271,370,438	284,330,415
Assets held in custody for others	12,186,357	12,891,861
Membership dues and grants receivable, net	2,433,549	100,164
Contributions receivable, net	85,572,482	86,368,832
Assets held in deferred compensation accounts	1,948,753	1,858,725
Split interest agreements	3,300,039	3,669,534
Land, buildings, and equipment, net	27,989,142	26,043,445
Other assets	2,058,296	2,066,220
Total assets	$ 429,331,830	436,687,434
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 19,054,167	12,656,768
Obligations for custodial funds	12,186,357	12,891,861
Liability under deferred compensation agreements	1,948,753	1,858,725
Annuities payable	2,299,854	2,468,685
Bonds payable	—	3,968,750
Total liabilities	35,489,131	33,844,789
Net assets:		
Unrestricted:		
Undesignated	247,980	506,435
Board-designated	165,963,958	176,787,351
	166,211,938	177,293,786
Temporarily restricted	193,835,147	191,754,245
Permanently restricted	33,795,614	33,794,614
Total net assets	393,842,699	402,842,645
Total liabilities and net assets	$ 429,331,830	436,687,434

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, 2015
(with comparative totals for 2014)

	Unrestricted					Total	
	Undesignated	Board-designated	Total unrestricted	Temporarily restricted	Permanently restricted	2015	2014
Changes in net assets:							
Revenue, gains, and other support:							
Contributions	$ 4,161,841	256,807	4,418,648	86,858,086	1,000	91,277,734	90,932,104
Contributions in-kind	1,118,914	1,765,359	2,884,273	—	—	2,884,273	1,286,843
Government grants and contracts (includes pass through to clubs for 2015 and 2014 of $19,104,657 and $20,605,500, respectively)	22,925,371	—	22,925,371	—	—	22,925,371	24,688,616
Income from funds held in trust by others	147,051	—	147,051	1,323,478	—	1,470,529	1,338,178
Fund raising events:							
Revenue generated	7,329,349	—	7,329,349	1,030,852	—	8,360,201	11,880,710
Less direct operating costs	(2,463,464)	—	(2,463,464)	—	—	(2,463,464)	(3,048,931)
Fund-raising events revenue in excess of direct costs	4,865,885	—	4,865,885	1,030,852	—	5,896,737	8,831,779
Member organization dues	6,937,046	—	6,937,046	—	—	6,937,046	7,006,180
Investment income, net of advisory and custody fees and taxes	—	(161,409)	(161,409)	512,629	—	351,220	119,160
Net realized and unrealized gains (losses) on investments	(3,949)	600,188	596,239	(112,037)	—	484,202	15,320,546
Other	839,845	81,362	921,207	67,750	—	988,957	778,198
Total revenue and gains	40,992,004	2,542,307	43,534,311	89,680,758	1,000	133,216,069	150,301,604
Net assets released from restrictions:							
Satisfaction of program restrictions	83,683,569	—	83,683,569	(83,683,569)	—	—	—
Expirations of time restrictions	3,916,287	—	3,916,287	(3,916,287)	—	—	—
Total net assets released from restrictions	87,599,856	—	87,599,856	(87,599,856)	—	—	—
Total revenue, gains, and other support	128,591,860	2,542,307	131,134,167	2,080,902	1,000	133,216,069	150,301,604
Expenses and losses:							
On-site assistance to member clubs and establishment of new clubs	58,126,399	7,106,439	65,232,838	—	—	65,232,838	51,944,425
Leadership training, development, and support of youth programs	47,574,407	160,986	47,735,393	—	—	47,735,393	45,862,349
Management and general	18,428,796	242,494	18,671,290	—	—	18,671,290	17,853,463
Fund-raising	10,484,796	91,698	10,576,494	—	—	10,576,494	9,469,909
Total expenses and losses	134,614,398	7,601,617	142,216,015	—	—	142,216,015	125,130,146
Changes in net assets before transfers	(6,022,538)	(5,059,310)	(11,081,848)	2,080,902	1,000	(8,999,946)	25,171,458
Other changes in net assets – transfers	5,764,083	(5,764,083)	—	—	—	—	—
Change in net assets	(258,455)	(10,823,393)	(11,081,848)	2,080,902	1,000	(8,999,946)	25,171,458
Net assets at beginning of year	506,435	176,787,351	177,293,786	191,754,245	33,794,614	402,842,645	377,671,187
Net assets at end of year	$ 247,980	165,963,958	166,211,938	193,835,147	33,795,614	393,842,699	402,842,645

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, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	(8,999,946)	25,171,458
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		731,282	637,392
Net realized and unrealized gains on investments		(835,422)	(15,439,707)
Contributions restricted for long-term investment		(1,000)	(27,503)
In-kind contributions		(2,884,273)	(1,286,843)
(Increase) decrease in membership dues and grants receivable		(2,333,385)	1,534,553
Decrease (increase) in contributions receivable		796,350	(17,318,127)
Decrease in split interest agreements		369,495	148,494
Increase in other assets		(27,262)	(79,538)
Increase (decrease) in accounts payable and accrued expenses		6,660,399	(567,413)
Change in annuities payable		(114,548)	59,803
Net cash used in operating activities		(6,638,310)	(7,167,431)
Cash flows from investing activities:			
Proceeds from sales of investments		36,619,533	120,464,895
Purchase of investments		(21,705,220)	(108,425,518)
Purchases of property and equipment		(1,139,434)	(155,616)
Net cash provided by investing activities		13,774,879	11,883,761
Cash flows from financing activities:			
Contributions restricted for long-term investment		1,000	27,503
Principal repayments on bonds payable and capital leases		(3,968,750)	(406,250)
Payments to life income beneficiaries		(54,283)	(88,423)
Net cash used in financing activities		(4,022,033)	(467,170)
Net increase in cash and cash equivalents		3,114,536	4,249,160
Cash and cash equivalents at beginning of year		19,358,238	15,109,078
Cash and cash equivalents at end of year	$	22,472,774	19,358,238
Supplemental disclosure:			
Cash paid for interest	$	41,489	74,423
Cash paid for taxes		572,994	581,255
In-kind gifts – investments		1,118,914	1,286,843
In-kind gifts – equipment		1,765,359	—
Land, buildings, and equipment acquisitions that were reflected in accounts payable and accrued expenses		—	263,000

See accompanying independent auditors' report

Schedule 4

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

Statement of Functional Expenses – Information

Year ended December 31, 2015

	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
Salaries	$ 18,380,056	7,177,779	25,557,835	8,837,916	5,513,026	14,350,942	39,908,777
Benefits	3,651,700	1,446,419	5,098,119	1,655,073	869,178	2,524,251	7,622,370
Payroll taxes	1,315,032	505,854	1,820,886	497,997	370,295	868,292	2,689,178
Total salaries and related expenses	23,346,788	9,130,052	32,476,840	10,990,986	6,752,499	17,743,485	50,220,325
Contractual services	6,795,906	3,756,142	10,552,048	3,493,694	2,238,375	5,732,069	16,284,117
Supplies	1,403,685	479,588	1,883,273	253,701	96,562	350,263	2,233,536
Telephone	416,590	89,986	506,576	142,017	104,519	246,536	753,112
Postage and shipping	352,138	105,981	458,119	131,150	133,265	264,415	722,534
Occupancy	554,070	139,882	693,952	1,397,995	126,907	1,524,902	2,218,854
Printing and artwork	431,277	358,466	789,743	261,304	73,203	334,507	1,124,250
Travel	3,631,450	803,436	4,434,886	512,231	702,563	1,214,794	5,649,680
Training conferences	2,885,676	795,342	3,681,018	663,821	170,324	834,145	4,515,163
Membership dues	43,914	7,985	51,899	42,847	11,378	54,225	106,124
Awards and grants	24,903,407	31,824,860	56,728,267	—	—	—	56,728,267
Interest expense	—	—	—	41,489	—	41,489	41,489
Miscellaneous	267,019	82,687	349,706	497,561	75,201	572,762	922,468
Depreciation	200,918	160,986	361,904	242,494	91,698	334,192	696,096
Total expenses	$ 65,232,838	47,735,393	112,968,231	18,671,290	10,576,494	29,247,784	142,216,015

See accompanying independent auditor's report.

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

Statement of Functional Expenses – Information

Year ended December 31, 2014

	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**
Salaries	$ 16,701,058	7,267,685	23,968,743	8,226,672	5,476,693	13,703,365	37,672,108
Benefits	3,453,690	1,629,122	5,082,812	1,734,676	722,440	2,457,116	7,539,928
Payroll taxes	1,193,547	509,039	1,702,586	583,369	367,037	950,406	2,652,992
Total salaries and related expenses	21,348,295	9,405,846	30,754,141	10,544,717	6,566,170	17,110,887	47,865,028
Contractual services	5,909,927	2,960,851	8,870,778	3,443,803	1,489,634	4,933,437	13,804,215
Supplies	658,526	429,711	1,088,237	233,624	109,061	342,685	1,430,922
Telephone	367,716	105,867	473,583	106,681	94,574	201,255	674,838
Postage and shipping	294,364	173,807	468,171	172,627	57,459	230,086	698,257
Occupancy	608,476	116,179	724,655	1,184,975	107,944	1,292,919	2,017,574
Printing and artwork	368,864	333,788	702,652	184,467	67,325	251,792	954,444
Travel	3,475,768	1,138,467	4,614,235	577,214	756,364	1,333,578	5,947,813
Training conferences	1,444,473	865,785	2,310,258	672,887	106,889	779,776	3,090,034
Membership dues	45,026	2,703	47,729	52,869	11,434	64,303	112,032
Awards and grants	16,955,734	30,144,527	47,100,261	—	—	—	47,100,261
Interest expense	—	—	—	78,065	—	78,065	78,065
Miscellaneous	235,997	49,306	285,303	387,142	50,468	437,610	722,913
Depreciation	231,259	135,512	366,771	214,392	52,587	266,979	633,750
Total expenses	$ 51,944,425	45,862,349	97,806,774	17,853,463	9,469,909	27,323,372	125,130,146

See accompanying independent auditor's report.