

March 9, 2016

Ketchikan Gateway Borough, Finance Department
Community Grant Program
1900 First Avenue, Ste. 118
Ketchikan, AK 99901

To Whom it May Concern,

Attached please find our application to be included in consideration for funding from Ketchikan Gateway Borough's FY2017 Community Agency Funding program. Your contact at the local clubhouse in Ketchikan will be Christopher Lemerond, Club Manager. He is available via email at clemerond@bgcalaska.org, or, via telephone at (907) 225-5437. The Program & Resource Coordinator overseeing this grant for Boys & Girls Clubs Alaska is myself, Chrystle Tebo. I may be reached via email at ctebo@bgcalaska.org or telephone me directly at (907) 770-7330. For additional information and/or questions regarding this application or any of the attachments please feel free to contact me.

Thank you for your consideration. The Ketchikan Boys & Girls Club truly values our partnership the Ketchikan Gateway Borough.

Sincerely,



Chrystle S. Tebo
Program & Resource Coordinator
Boys & Girls Clubs Alaska
(907) 770-7330



BOYS & GIRLS CLUBS
ALASKA

Main Office

2300 W. 36th Avenue
Anchorage, Alaska 99517
Tel: 907-248-5437
Fax: 907-770-7345
www.bgcalaska.org
Facebook: Boys & Girls Clubs - Alaska

Chief Executive Officer

Alana Humphrey
Tel: 907-770-7349
Fax: 907-770-7345
ahumphrey@bgcalaska.org

Board of Directors

Chair

Terry Bailey, CH2MHill

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Starkey Saindon, The Odom Corporation
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KETCHIKAN GATEWAY BOROUGH

1900 First Avenue Ketchikan, Alaska 99901

GRANT REQUEST

Amount requested: \$ 30,000

- Other Financial Commitments (total in-kind/cash match, other agency funds, etc.):
- Other Funds Required (not yet committed/identified):

Program/project title: Great Futures Start HERE.

ORGANIZATIONAL INFORMATION

Organization name: Boys & Girls Clubs - Alaska

Address: 2300 W. 36th Avenue

City: Anchorage

State: AK

Zip: 99517

Telephone: 907.248.5437

Fax: 907.770.7345

E-mail: ctebo@bgcalaska.org

Executive director: Alana Humphrey

Telephone: 907.770.7349

Name of contact person: Chrystle Tebo

Title: Resource Coordinator

Telephone: 907.770.7330

Cell phone: 907.227.6315

Total organization budget for current year: \$ \$6,564,113

Date of incorporation: November 1966

Is your organization tax exempt under section 501(c) (3) or other sections? If no explain:

Yes



KETCHIKAN GATEWAY BOROUGH

1900 First Avenue Ketchikan, Alaska 99901

Which of the following Ketchikan Gateway Borough areawide powers does your project address (check one)?

- Economic Development Recreation
- Transportation Education
- Other (specify) Out-of-School Time Youth Development Agency

Staff composition in numbers

Paid full-time: 0

Paid part-time: 2

Volunteer: 0

Interns: 0

Other:

2

Total

Detail the purpose(s) of your request with justification and explanation

(For the following, use additional pages as needed)

Please refer to the attached narrative, section 1.

Statement of measurable goals and objectives of project(s) or program(s):

Please refer to the attached narrative, section 2.



KETCHIKAN GATEWAY BOROUGH

1900 First Avenue Ketchikan, Alaska 99901

Are there other projects related to or dependent on this project? Is this project dependent on other activities or actions? If yes, describe projects, actions or activities specifying phases where appropriate.

N/A

Discuss project management and qualifications.

Please refer to attached narrative, section 3.



KETCHIKAN GATEWAY BOROUGH

1900 First Avenue Ketchikan, Alaska 99901

Attachments: *(Please attach in order listed below)*

Cover letter

Cover letter

Finances

- Audited financial statement for the last fiscal year, if available, or form 990.
 - The current year operating budget - to include your project expenses and revenues.
 - Annual Salary for Executive Director
 - List all contractors that are expected to be paid more than \$2,500 per year, and purpose for payment.
 - List any funding paid to organizations or entities outside the corporate boundaries of the Ketchikan Gateway Borough, including parent organizations, and the purpose for payments.
 - A proposed program budget (with narrative)
 - A list of other agencies that funded your organization in the last fiscal year, including amounts contributed.
 - What is the annual cost and long-term operation and maintenance costs of this project? Provide backup material.
-

Other Supporting Materials

- A verification of the organization's or fiscal agent's tax-exempt status under section (c) 3 of the IRS code.
- A current list of the governing board.
- Letters of support, Resolutions, and/or reviews (if applicable).



KETCHIKAN GATEWAY BOROUGH

1900 First Avenue Ketchikan, Alaska 99901

- What state and/or federal compliance requirements will this project satisfy or correct?
 - How will the project improve the economic environment?
-

Section 1: Detail the purpose(s) of your request with justification and explanation

The Ketchikan Boys & Girls Club respectfully requests funding from the Ketchikan Gateway Borough Community Grant program to assist us with providing high quality youth development services for local youth. Boys & Girls Clubs specialize in serving youth who, for many reasons, may not have access to traditional after-school care and activities.

Access can be difficult for reasons such as affordability, difficulty interacting with peers, cultural barriers, age barriers, and transportation. Membership at Boys & Girls Clubs requires no proof of character; it is a place where youth of all ages and backgrounds are invited to belong. Club Staff work to make the Club a place where every child feels safe, valued, and welcome.

The Club prides itself on serving youth in the communities who need us most. Children and youth are not charged a fee for membership to ensure the participation at the Club is not cost prohibitive. Out of the 142 youth served in 2015, 40% were from single parent households, 40% reported qualification for the Free & Reduced School Lunch Program, and at least 77% of active members are from homes with an income level *less* than the median household income for the Borough. Additionally, the Club serves children and youth during a critical time: when school is out and before parents finish their workday. This is a time when youth are most at-risk to become victims of crime or to engage in delinquent behavior. The physical and emotional safety of children is a top priority for Boys & Girls Clubs nationwide.

The Club's nurturing environment and positive Youth Development Professionals keep programs and services meaningful for children and youth at-risk. Club Staff use programs and activities to instill youth with a sense of belonging, usefulness, influence and competence. These protective factors help protect young people from the challenges they will face in their lives as they learn and grow. The Club serves Ketchikan children and youth by:

- Cultivating a developmentally rich environment incorporating the following key elements for positive youth development:
 - (1) Safe, positive environment
 - (2) Fun
 - (3) Supportive relationships
 - (4) Opportunities and expectations
 - (5) Recognition
- Working to increase the frequency of attendance of all members
- Offering a varied schedule of programs and high-yield learning activities

Combined, these efforts impact three essential areas for each member: Academic Success, Good Character & Citizenship, and Healthy Lifestyles. Using the youth

development strategy above, the staff offer targeted, core programs to operate on a regular, reoccurring basis in the Clubhouse. The core program areas are as follows:

- Project Learn is a research-based educational initiative implemented at the Club. Research has demonstrated that youth do better in school if they spend outside school hours engaged in academically beneficial activities. The Boys & Girls Club is a prime location to incorporate academically beneficial activities with what we do best: FUN! By keeping educational activities fun and engaging, youth can become higher academic achievers and develop a life-long love of learning. Project Learn consists of multiple components that create an educational environment for Club Members: Power Hour (homework help and tutoring), High-Yield Learning Activities, and parent and school collaboration.
- Triple Play is a comprehensive health and wellness initiative designed to educate youth on how eating right, regular physical activity and good choices add up to a healthy lifestyle. This initiative consists of (1) activities that make exercise fun and encourage cooperation, sportsmanship and teamwork and (2) a nutrition education curriculum that gives youth the knowledge and practice necessary to develop healthy eating habits. The wide range of Triple Play games and activities can fit any outdoor or indoor space, and accommodate youth of all ages and abilities.
- Character & Leadership: Programs in this Core Program Area empower youth to support and influence their Club and community, sustain meaningful relationships with others, develop a positive self-image, participate in the democratic process and respect their own and others' cultural identities. Programs include Torch Club, Youth of the Month/Year, Service Learning Projects, Youth for Unity, and Youth Litter Patrol.

Section 2: Statement of measurable goals and objectives of project(s) or program(s) and how will this be accomplished

The Club will assess its progress towards the goals and objectives listed below by comparing data collected through Boys & Girls Clubs annual National Youth Outcomes Initiative (NYOI) Survey. NYOI Surveys are implemented annually in February/March, administered online, and open to all registered Club members ages 9 & older with results available in late June of each year.

Goal: The Ketchikan Boys & Girls Club will demonstrate an increase in positive outcomes related to Academic Success, Good Character & Citizenship, and Healthy Lifestyles.

Objective 1: Planned & purposeful high yield learning activities are offered on a daily basis for all Club members in attendance.

Objective 2: Club staff will implement targeted programming with themes that can be carried into multiple program areas. (For example; personal finance activities might be implemented in the art room with piggy bank decorating, careers in finance explored through a field trip to a bank, and math skills bolstered by balancing sample checking accounts.)

Objective 3: Positive recognition of Clubhouse members' achievements will be implemented through Boys & Girls Clubs of America's *Youth of the Month & Youth of the Year* programs as well as recognizing teens making significant contributions to the community through the Spirit of Youth program.

Goal: The Ketchikan Boys & Girls Club will increase engagement of local community partners such as local area businesses, schools, and service organizations.

Objective 1: The Ketchikan Boys & Girls Club will continue connections with schools attended by Clubhouse children and youth in an effort to keep the high yield learning activities offered in the Clubhouse in line with what the members are learning in the classroom. As well, Club Staff will support children and youth by working with their teachers and schools to support them when they may be struggling academically or socially and build on the strengths each child and youth has to engage in their own success and connect with their community.

Objective 2: The Club will increase involvement of community partners, schools, businesses and other nonprofit agencies by actively seeking opportunities to engage them in Club events throughout the year. These opportunities may include; *Youth of the Month/Year* recognition events, recognition of academic achievement by Club members, serving as guest speakers at the Club, and even hosting field trip opportunities.

Section 3: Discuss Project Management and Qualifications

The Ketchikan Boys & Girls Club receives support from Boys & Girls Clubs – Alaska's administration offices through the Clubhouse Operations, Human Resources, and Finance Departments. These administrative resources enable the staff at the Ketchikan Boys & Girls Club to focus their attention and energy on children and youth, delivery of Clubhouse programs, and the development and growth of the Club's role in the community. Boys & Girls Clubs – Alaska helps ensure staff in Ketchikan are well trained, supplied and equipped, and supported in their daily efforts to operate the Ketchikan Clubhouse, track outcomes, and engage in a process of continuous program quality improvement.

The Ketchikan Boys & Girls Club is managed by Mr. Christopher Lemerond. Mr. Lemerond has many years experience as a Chef and knows how to run a business, manage accounts, and organize events & activities. As Cub Master for his son, he has organized community fundraisers, community clean ups, and District Events. Mr. Lemerond also worked as a Mental Health Associate and has been trained to understand youth behavior and how to build relationships. In his work as a mental

health associate, he worked weekly with large groups of children and directed during events/activities (as many as 40 -70 per event). A foster child himself, Mr. Lemerond is uniquely adept at understanding the interworking of an at-risk youth. He came to our organization seeking an opportunity to give to those less fortunate, with hopes to be able to guide them into a better future. In addition to his passion for serving the youth of Ketchikan, Mr. Lemerond has also placed great importance on building character in Club youth, and helping them think beyond themselves. Each week Club members spend time discussing topics such as bullying, domestic violence, hunger, diversity, and so much more. They then participate in a number of activities focused on the week's theme. The integration of discussion and activity centered on important societal issues provides youth with the opportunity to examine their own feelings on such issues, and share those feelings in a safe, judgment free environment with their peers and mentors. Mr. Lemerond gives Club members voice.

Mr. Lemerond's Resume Includes:

Middlen Valley High- Graduate

State Certified Fire Fighter - National Fire Academy

Cub Master- Boy Scouts of America - 2011- Current

Night Chef- Cape Fox Lodge- May 2013- Current

Chef - Narrows Inn May 2011- Dec. 2012

Community Connections, Mental Health Assoc.- June 2010- April 2011

Alaska Marine Hwy- April 2009- April 2010

Finances

The Audited Financial Statement can be found in the attachments immediately following narrative explanation.

The current year operating budget can be found in the attachments immediately following narrative explanation.

Annual Salary for the organization's CEO can be found in the 990 forms on page 8, attached immediately following this narrative.

Contractors to be paid more than \$2,500 annually; is not applicable; There currently are no contractors the Ketchikan Club pays for services.

Funding to be paid to organizations or entities outside of the corporate boundaries of the Ketchikan Gateway Borough; is not applicable as all funding received from the Ketchikan Gateway Borough is allocated as restricted funds to the business unit of Ketchikan Boys & Girls Club. Borough funds stay in the Borough.

Proposed Program Budget Narrative

Please see attached budget for dollar amounts, below is a brief narrative description of budget categories.

- Personnel costs total \$45,301 and include two (2) part-time staff, the Clubhouse Manager and a Youth Development Professional for 1.22 FTEs.
- Office Supplies & Program Supplies total \$5,818 and includes necessary items for daily Clubhouse operations may include items like copy paper, printer ink/toner, arts & crafts supplies, games, program incentives, snacks, etc.
- Buildings & Utilities expenses total \$16,800 and include lease payment for Clubhouse space, internet, and telephone/fax.
- Insurance totals \$3,873 and covers general liability insurance.
- Vehicle expenses for maintenance/upkeep and vehicle insurance total \$3,028
- Other expenses totaling \$3,334 includes Clubhouse Membership scholarships.

A representative list of other funding received over the last fiscal year is attached immediately following narrative explanation and includes support from The City of Ketchikan (\$11,000), Alaskans for the Prevention of Litter and Recycling (ALPAR) (\$1,800), Karlson Motors (\$1,000), and the U.S. Dept. of Education, Alaska Native Education Equity Grant program (\$32,000).

With respect to annual cost and long-term operation and maintenance costs (discussed in the application attachments checklist), the budget for the Ketchikan Boys & Girls Clubs included in this application are for operational costs budgeted year-to-year and can vary significantly based on availability of local support and available grants. Boys & Girls Clubs – Alaska leases space for the Clubhouse in Ketchikan. There are no long-term maintenance costs necessary for the current arrangement. A Clubhouse was first established in Ketchikan in 2004.

**Boys & Girls Clubs Southcentral Alaska
Ketchikan Clubhouse Ops
2016**

	2016 Annual Budget Clubhouse	2016 % of Total Budget
Revenue from Operations:		
Individual Contributions	0	0.00
Corporate Contributions	0	0.00
City of Ketchikan	11,500	0.16
Ketchikan Gateway Borough	22,867	0.33
Other State & Federal Grants	32,602	0.46
Program Fees	3,000	0.04
Other Revenue Including United Way	250	0.00
Total Revenue	70,219	1.00
Operating Expenses:		
Personnel	45,031	0.58
Professional Services	100	0.00
Office Supplies	3,072	0.04
Special Events	0	0.00
Program Supplies	2,746	0.04
Buildings and Grounds	16,800	0.22
Advertising	0	0.00
Insurance	3,873	0.05
Vehicles	3,028	0.04
Training & Travel	0	0.00
Recognition	0	0.00
Other Expenses	3,334	0.04
Total Expenses	77,984	1.00
Net Income (Loss) Before Depreciation or In-Kind	-7,765	
Full Time Equivalent Employee (2080 hrs)	1.22	

**Does not include any Administrative Costs
Does not include In-Kind Contributions**

OTHER FUNDING SOURCES

Please document the status of other sources of funds being pursued in support of the project/program.

Source Identify the name of the entity and classify as government (G), foundation (F), corporate (C), individual (I), special events (S), or other (O).	Amount Please indicate the amount requested or, if approved, the amount to be funded.	Status Indicate whether the funding request is pending (P), declined (D), or approved (A).
1) City of Ketchikan	\$11,000	A
2) Alaskans for the Prevention of Litter and Recycling (ALPAR)	\$1,800	A
3) Karlson Motors, Ford	\$1,000	A
4) U.S. Dept. of Education, Alaska Native Education Equity Grant	\$32,000	A
5)		
6)		
7)	\$	
8)	\$	
9)	\$	
10)	\$	
11)	\$	
12)	\$	
13)	\$	

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA
Financial Statements, Additional Supplementary Information,
and Compliance Reports
(and Independent Auditor's Report Thereon)
Years Ended December 31, 2014 and 2013

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Financial Statements, Additional Supplementary Information,
and Compliance Reports
(and Independent Auditor's Report Thereon)

Years Ended December 31, 2014 and 2013

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

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BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

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Independent Auditor's Report

Members of the Board of Directors
Boys & Girls Clubs of Southcentral Alaska
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of Boys and Girls Clubs of Southcentral Alaska (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members of the Board of Directors
Boys & Girls Clubs of Southcentral Alaska

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Southcentral Alaska as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The data listed in the table of contents as additional supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. This includes the Schedules of Activities – Budget and Actual; Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments; and Non-Profit Organizations*; and the Schedule of State Financial Assistance, as required by *State of Alaska Audit Guide and Compliance Supplement*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2015, on our consideration of Boys & Girls Clubs of Southcentral Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys & Girls Clubs of Southcentral Alaska's internal control over financial reporting and compliance.



Anchorage, Alaska
July 20, 2015

BASIC FINANCIAL STATEMENTS

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	<u>2014</u>	<u>2013, As Restated</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents:		
Unrestricted	\$ 587,618	423,485
Restricted	483,904	472,999
Investments	128,699	121,727
Accounts receivable, net of allowance	207,888	176,870
Grants receivable	517,448	315,604
United Way receivable	75,000	75,000
Prepaid expenses and deposits	10,837	3,190
Investment in limited liability company (LLC)	26,753	27,828
Total current assets	<u>2,038,147</u>	<u>1,616,703</u>
Property and equipment, net of accumulated depreciation	<u>3,012,212</u>	<u>2,368,641</u>
Total assets	<u>\$ 5,050,359</u>	<u>3,985,344</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 468,875	294,602
Accrued payroll liabilities	276,288	257,926
Accrued leave	150,558	162,860
Due to special accounts	114,244	21,387
General deferred revenue	-	45,358
Grant deferred revenue	258,278	302,750
Other current liabilities	96,487	96,487
Current portion, note payable	34,062	32,512
Total current liabilities	<u>1,398,792</u>	<u>1,213,882</u>
Long term liabilities:		
Long-term portion, note payable	<u>318,832</u>	<u>352,887</u>
Total liabilities	<u>1,717,624</u>	<u>1,566,769</u>
Net assets:		
Unrestricted	3,249,885	2,343,575
Temporarily restricted	82,850	75,000
Total net assets	<u>3,332,735</u>	<u>2,418,575</u>
Total liabilities and net assets	<u>\$ 5,050,359</u>	<u>3,985,344</u>

See accompanying notes to the financial statements.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2014 and 2013

	2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support:			
Contributions	\$ 588,958	-	588,958
Grants	-	3,840,437	3,840,437
Special events	304,455	-	304,455
United Way allocation	229,922	-	229,922
In-kind contributions	3,139,311	-	3,139,311
Total public support	<u>4,262,646</u>	<u>3,840,437</u>	<u>8,103,083</u>
Revenue:			
Program fees	2,128,006	-	2,128,006
Membership dues	135,614	-	135,614
Interest	65	3,450	3,515
Realized and unrealized gains, net of fees	-	6,972	6,972
Earnings from LLC	173,418	-	173,418
Gaming	21,016	-	21,016
Other	47,163	-	47,163
Total revenue	<u>2,505,282</u>	<u>10,422</u>	<u>2,515,704</u>
Net assets released from restrictions	<u>3,843,009</u>	<u>(3,843,009)</u>	<u>-</u>
Total support and revenue	<u>10,610,937</u>	<u>7,850</u>	<u>10,618,787</u>
Expenses:			
Program services:			
Clubhouses	4,733,702	-	4,733,702
Community centers	1,737,617	-	1,737,617
Statewide expansion	275,115	-	275,115
Athletics	358,617	-	358,617
Childcare	1,472,422	-	1,472,422
Total program services	<u>8,577,473</u>	<u>-</u>	<u>8,577,473</u>
Supporting services:			
Management and general	967,128	-	967,128
Fundraising	160,026	-	160,026
Total supporting services	<u>1,127,154</u>	<u>-</u>	<u>1,127,154</u>
Total expenses	<u>9,704,627</u>	<u>-</u>	<u>9,704,627</u>
Increase in net assets	906,310	7,850	914,160
Net assets, beginning of year	<u>2,343,575</u>	<u>75,000</u>	<u>2,418,575</u>
Net assets, end of year	<u>\$ 3,249,885</u>	<u>82,850</u>	<u>3,332,735</u>

(Continued)

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

STATEMENTS OF ACTIVITIES, Continued

	2013, As Restated		
	Unrestricted	Temporarily Restricted	Total
Public support:			
Contributions	\$ 482,127	-	482,127
Grants	-	3,340,834	3,340,834
Special events	347,389	-	347,389
United Way allocation	231,020	-	231,020
In-kind contributions	2,919,454	-	2,919,454
Total public support	<u>3,979,990</u>	<u>3,340,834</u>	<u>7,320,824</u>
Revenue:			
Program fees	1,971,453	-	1,971,453
Membership dues	141,436	-	141,436
Interest	121	3,765	3,886
Realized and unrealized gains, net of fees	-	26,404	26,404
Earnings from LLC	113,318	-	113,318
Gaming	10,050	-	10,050
Other	18,861	-	18,861
Total revenue	<u>2,255,239</u>	<u>30,169</u>	<u>2,285,408</u>
Net assets released from restrictions	<u>3,494,087</u>	<u>(3,494,087)</u>	<u>-</u>
Total support and revenue	<u>9,729,316</u>	<u>(123,084)</u>	<u>9,606,232</u>
Expenses:			
Program services:			
Clubhouses	4,335,029	-	4,335,029
Community centers	1,835,436	-	1,835,436
Athletics	579,561	-	579,561
Childcare	1,515,261	-	1,515,261
Total program services	<u>8,265,287</u>	<u>-</u>	<u>8,265,287</u>
Supporting services:			
Management and general	950,998	-	950,998
Fundraising	184,274	-	184,274
Total supporting services	<u>1,135,272</u>	<u>-</u>	<u>1,135,272</u>
Total expenses	<u>9,400,559</u>	<u>-</u>	<u>9,400,559</u>
Increase (decrease) in net assets	328,757	(123,084)	205,673
Net assets, beginning of year, as originally stated	<u>1,703,099</u>	<u>432,176</u>	<u>2,135,275</u>
Prior period adjustment	77,627	-	77,627
Net assets, beginning of year, as restated	<u>2,014,818</u>	<u>198,084</u>	<u>2,212,902</u>
Net assets, end of year	\$ <u><u>2,343,575</u></u>	<u><u>75,000</u></u>	<u><u>2,418,575</u></u>

See accompanying notes to the financial statements.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2014 and 2013

	2014									
	Program Services					Total Program Services	Supporting Services			Total Program and Supporting Services
	Clubhouses	Community Centers	Statewide Expansion	Athletics	Childcare		Management and General	Fundraising	Total Supporting Services	
Expenses:										
Personnel	\$ 1,365,165	423,519	192,490	146,187	1,053,941	3,181,302	765,607	65,641	831,248	4,012,550
Professional services	185,967	10,122	5,470	2,020	2,557	206,136	36,496	-	36,496	242,632
Office expense	48,506	12,743	3,825	6,834	7,942	79,850	23,803	-	23,803	103,653
Program expense	335,698	265,930	12,043	130,662	163,658	907,991	30,080	164	30,244	938,235
Building and ground maintenance	2,571,517	837,062	15,081	23,129	124,133	3,570,922	6,486	-	6,486	3,577,408
Communications	3	-	-	6,270	-	6,273	1,081	-	1,081	7,354
Insurance	83,365	18,979	1,149	14,380	12,695	130,568	7,026	-	7,026	137,594
Vehicle and transportation	49,674	17,887	1,250	3,122	13,279	85,212	1,305	-	1,305	86,517
Staff training	382	30	450	759	1,292	2,913	3,515	-	3,515	6,428
Travel	17,665	1,583	31,179	-	-	50,427	21,206	974	22,180	72,607
Annual meeting and awards	6,027	764	238	1,276	2,138	10,443	5,685	10	5,695	16,138
Premium and auction items	-	-	-	-	-	-	-	11,318	11,318	11,318
Event supplies	-	6,041	-	-	-	6,041	1,239	20,815	22,054	28,095
Facility and catering expense	-	-	-	-	-	-	25	61,104	61,129	61,129
Bad debt expense	72	-	-	-	16,155	16,227	2,240	-	2,240	18,467
Other	9,115	1,548	744	4,749	9,248	25,404	51,499	-	51,499	76,903
	<u>4,673,156</u>	<u>1,596,208</u>	<u>263,919</u>	<u>339,388</u>	<u>1,407,038</u>	<u>8,279,709</u>	<u>957,293</u>	<u>160,026</u>	<u>1,117,319</u>	<u>9,397,028</u>
Total expenses, excluding depreciation										
Depreciation expense	60,546	141,409	11,196	19,229	65,384	297,764	9,835	-	9,835	307,599
Total expenses	<u>\$ 4,733,702</u>	<u>1,737,617</u>	<u>275,115</u>	<u>358,617</u>	<u>1,472,422</u>	<u>8,577,473</u>	<u>967,128</u>	<u>160,026</u>	<u>1,127,154</u>	<u>9,704,627</u>

(Continued)

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA
STATEMENTS OF FUNCTIONAL EXPENSES, CONTINUED

	2013								
	Program Services				Total Program Services	Supporting Services			Total Program and Supporting Services
	Clubhouses	Community Centers	Athletics	Childcare		Management and General	Fundraising	Total Supporting Services	
Expenses:									
Personnel	\$ 1,383,704	427,661	135,830	871,564	2,818,759	736,661	67,901	804,562	3,623,321
Professional services	177,331	14,410	1,939	3,643	197,323	64,391	-	64,391	261,714
Office expense	53,196	14,964	8,579	12,278	89,017	25,567	-	25,567	114,584
Program expense	149,417	346,202	378,853	290,707	1,165,179	17,887	29	17,916	1,183,095
Building and ground maintenance	2,343,582	845,343	21,452	207,081	3,417,458	5,886	186	6,072	3,423,530
Communications	2,612	278	2,697	-	5,587	10,347	-	10,347	15,934
Insurance	78,622	17,228	16,548	19,140	131,538	5,765	-	5,765	137,303
Vehicle and transportation	65,520	29,456	2,709	27,529	125,214	307	-	307	125,521
Staff training	1,596	-	88	2,074	3,758	5,074	-	5,074	8,832
Travel	28,170	3	726	18	28,917	8,346	921	9,267	38,184
Annual meeting and awards	3,626	376	2,606	1,192	7,800	2,443	-	2,443	10,243
Premium and auction items	-	-	-	-	-	-	18,992	18,992	18,992
Event supplies	-	10,531	-	-	10,531	14	26,490	26,504	37,035
Facility and catering expense	-	-	-	-	-	-	68,049	68,049	68,049
Bad debt expense	288	-	976	13,132	14,396	-	-	-	14,396
Other	2,925	225	61	27,050	30,261	62,185	1,706	63,891	94,152
Total expenses, excluding depreciation	4,290,589	1,706,677	573,064	1,475,408	8,045,738	944,873	184,274	1,129,147	9,174,885
Depreciation expense	44,440	128,759	6,497	39,853	219,549	6,125	-	6,125	225,674
Total expenses	\$ <u>4,335,029</u>	<u>1,835,436</u>	<u>579,561</u>	<u>1,515,261</u>	<u>8,265,287</u>	<u>950,998</u>	<u>184,274</u>	<u>1,135,272</u>	<u>9,400,559</u>

See accompanying notes to the financial statements.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 914,160	205,673
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation expense	307,599	225,674
(Gain) loss on investments	(6,972)	(26,404)
Distributions in excess of earnings		
of joint venture	1,075	9,125
Bad debt expense	18,467	14,396
(Increase) decrease in assets:		
Accounts receivable	(49,485)	(100,942)
Grants receivable	(201,844)	85,751
Prepaid expenses and deposits	(7,647)	3,398
Increase (decrease) in liabilities:		
Accounts payable	174,273	72,080
Accrued payroll liabilities and accrued leave	6,060	(29,689)
Due to special accounts	92,857	(61,400)
Grant and general deferred revenue	(89,830)	5,324
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,158,713</u>	<u>402,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	-	55,097
Purchase of property and equipment	(951,170)	(406,491)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(951,170)</u>	<u>(351,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(32,505)	(69,799)
NET CHANGE IN CASH AND CASH EQUIVALENTS	175,038	(18,207)
BEGINNING CASH AND CASH EQUIVALENTS	<u>896,484</u>	<u>914,691</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 1,071,522</u>	<u>896,484</u>
Cash and cash equivalents are comprised of:		
Unrestricted	\$ 587,618	423,485
Restricted	483,904	472,999
	<u>\$ 1,071,522</u>	<u>896,484</u>
Supplemental cash flow disclosures:		
Non-cash in-kind expenses/donations	\$ 3,139,311	2,919,454
Interest paid during the year	\$ 28,769	36,425
See accompanying notes to the financial statements.		

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements

December 31, 2014 and 2013

1. Summary of Significant Accounting Policies

Boys & Girls Clubs of Southcentral Alaska (the Club) is a nonprofit organization formed to promote the well-being of children in Licensed Childcare (ages 6 weeks–12 years), Athletics (ages 4–18 years) and Clubhouses (ages 6-18 years). The Club's programs provide recreational, athletic, enrichment, preventative, and mentoring programs focusing on academic success, good character and leadership, and healthy lifestyles for children living in communities across Alaska. The major sources of funding are contributions, user fees, and funding from the United Way, Federal, State, and local grants.

The Club maintains a Board Designated Reserve fund. The purpose of the fund is to provide a funding source which is intended to provide financial sustainability for the Club. The Board Designated Reserve fund provides a vehicle for planned giving and other donations.

Basis of Presentation

The Club's accounting records are maintained on an accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred. The financial statement presentation follows the recommendation of the Financial Accounting Standards Board, and is presented in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Club is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent that portion of net assets of the Club that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent the portion of net assets of the Club whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Club. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets represent the portion of net assets from contributions whose use by the Club is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Club.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

Contributed Support and Grants

The Club recognizes all contributed support received including cash, grants, in-kind, other assets and unconditional promises to give as income in the period pledged. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Grant income: Income from grants is recognized to the extent of allowable costs incurred.

In-kind contributions: Donated services are recognized as contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Accounting for Contributions Made*, if the services (1) create or enhance nonfinancial asset or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Club. In-kind contributions for space, supplies, and professional services are recorded in the Statement of Activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as unrestricted or as temporarily restricted depending on whether there are explicit, donor-imposed time requirements as to how long the assets must be maintained. Net assets are released from restrictions upon the purchase of long-lived assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Club considers all cash in checking, savings, money market accounts, and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair value in the Statement of Financial Position. Earnings on investments on the Statement of Activities include any change in fair value of investments. Investment income and realized and unrealized gains and losses are recorded as increases and decreases in temporarily restricted net assets.

Fair Value of Financial Instruments

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties; that is other than in a forced or liquidation sale. Fair values are based on quoted market prices when available. The Club has no investments for which quoted market prices are unavailable.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and investments, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities.

Accounts Receivable and Allowance for Doubtful Accounts

Management uses the specific identification method of recording bad debts, which approximates GAAP, and has reviewed all outstanding accounts for collectability at year end. This estimate is based on management's historical collection experience and a review of current accounts receivable. The allowance for doubtful accounts was \$7,500 as of December 31, 2014 and 2013. No interest is accumulated on delinquent receivables. Receivables are charged off when all collection efforts have been exhausted.

Prepaid Expenses

Payments made for items that will benefit periods beyond the year end, are recorded as prepaid expenses.

Property and Equipment

Property and equipment is recorded at cost or at estimated fair market value at date of gift, if donated. The Club capitalizes all equipment with a cost or other basis in excess of \$5,000. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the respective assets, generally three to ten years and is allocated between programs and supporting services based upon the functions' pro-rata share of total expenses before in-kind and depreciation. Costs incurred that extend the useful lives of the assets are capitalized and depreciated and maintenance and repairs are expensed. Gains or losses upon asset disposal are recorded as income in the year sold.

Accrued Leave

Paid time off is accrued as earned by employees and recorded as an expense in the period earned. The amount of sick leave that will be utilized by employees in subsequent periods associated with "earned" balances is not recorded as a liability because it is not paid upon termination.

Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Due to Special Accounts

Amounts due to youth groups represent funds raised by youth groups within the Clubs, which are held in safekeeping by the Club. The money is used for traveling and special events as decided by the individual group.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

Income Tax Status

The Club is a not-for-profit entity exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in the financial statements. The Club has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Although the Club is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirements of filing Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Club's policy is to report interest and penalties associated with uncertain tax positions as interest expense and other expense, respectively. There is no interest or penalties accrued on any unrecognized tax benefits as expenses. With few exceptions, the Club is no longer subject to examinations by federal and state tax authorities for years before fiscal year 2011. Management has taken no uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been estimated and allocated among the programs and supporting services benefited.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, money market mutual funds, and all short-term highly liquid instruments purchased with an original maturity of three months or less.

The Club maintains cash balances at financial institutions located in Anchorage and Kotzebue, Alaska, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014, \$172,757 was uninsured and \$224,112 was uninsured as of December 31, 2013. At December 31, 2014 restricted cash is comprised of due to special accounts of \$114,244, memorial fund of \$7,850, note payable collateral of \$103,532 and \$258,278 in deferred revenue. At December 31, 2013 restricted cash is comprised of due to special accounts of \$21,387, note payable collateral of \$103,504 and \$348,108 in deferred revenue.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

3. Restricted Investments

Investments consist of equities and fixed income securities. Earnings or (loss) on the Statement of Activities includes investment income, fees, realized and unrealized gains and losses. Investment income is shown net of related fees. Investments consisted of the following at December 31:

	<u>Fair Value</u>	
	<u>2014</u>	<u>2013</u>
Equities:		
Large growth	\$ 46,944	46,169
Large value	25,410	22,975
Mid-cap blend	<u>17,227</u>	<u>15,175</u>
Total equities	<u>89,581</u>	<u>84,319</u>
Fixed income:		
Intermediate term bond	29,265	27,716
World bond	<u>9,853</u>	<u>9,692</u>
Total fixed income	<u>39,118</u>	<u>37,408</u>
Total investments	\$ <u>128,699</u>	<u>121,727</u>
Realized and unrealized gains	\$ <u>8,399</u>	<u>24,292</u>
Investment income (loss), net of fees	\$ <u>(1,427)</u>	<u>2,112</u>

The Club's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spread and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Clubs' estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

The following table provides information as of December 31, 2014 and 2013, respectively, about the Clubs' financial assets and liabilities measured at fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value –				
Investments:				
<u>2014</u>				
Equities	\$ 89,581	-	-	89,581
Fixed income	<u>39,118</u>	<u>-</u>	<u>-</u>	<u>39,118</u>
	\$ <u>128,699</u>	<u>-</u>	<u>-</u>	<u>128,699</u>
<u>2013</u>				
Equities	\$ 84,319	-	-	84,319
Fixed income	<u>37,408</u>	<u>-</u>	<u>-</u>	<u>37,408</u>
	\$ <u>121,727</u>	<u>-</u>	<u>-</u>	<u>121,727</u>

Given the narrow definition of Level 1 and the Club's investment strategy, all of the Club's investment assets are classified in Level 1. These assets include activity-traded exchange-listed securities. Unadjusted quoted prices for these securities are provided to the Club by independent pricing services.

4. Grant Revenue

The Club received grant money from Federal, State and local sources for the years ended December 31, 2014 and 2013. The following reconciles the amounts of Federal and State revenue shown on the Statement of Activities to amounts reported on the Schedules of Federal and State Assistance:

	<u>2014</u>	<u>2013</u>
Federal	\$ 922,129	973,687
State	2,006,295	1,491,904
Local	<u>912,013</u>	<u>875,243</u>
Total grant revenue	\$ <u>3,840,437</u>	<u>3,340,834</u>

5. Property and Equipment

The following is a summary of property and equipment for the years ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land and Improvements	\$ 480,578	422,579
Building	2,431,504	2,431,504
Equipment	1,199,563	1,455,243
Leasehold Improvements	<u>1,638,467</u>	<u>786,457</u>
Total	5,750,112	5,095,783
Less: Accumulated depreciation	<u>(2,737,900)</u>	<u>(2,727,142)</u>
Property and equipment, net of accumulated depreciation	\$ <u>3,012,212</u>	<u>2,368,641</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$307,599 and \$225,674, respectively.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

6. Net Assets

Net assets as of December 31, 2014 and 2013 are comprised of the following:

	<u>2014</u>	<u>2013,</u> <u>As Restated</u>
Unrestricted:		
Undesignated	\$ 2,984,963	2,081,655
Board designated	238,169	234,092
Invested in LLC	<u>26,753</u>	<u>27,828</u>
Total unrestricted net assets	<u>3,249,885</u>	<u>2,343,575</u>
Temporarily restricted:		
Memorial fund	7,850	-
United Way funds for general operations	<u>75,000</u>	<u>75,000</u>
Total temporarily restricted net assets	<u>82,850</u>	<u>75,000</u>
Total net assets	\$ <u>3,332,735</u>	<u>2,418,575</u>

Net assets of \$3,843,009 and \$3,494,087 were released from donor or grant restrictions by incurring expenses satisfying the restricted actions for the years ended December 31, 2014 and 2013, respectively.

7. Investment in Player's Choice Gaming, LLC

Boys & Girls Clubs of Southcentral Alaska entered into an agreement with Player's Choice Gaming Joint Venture, LLC doing business as Player's Choice Bingo to conduct bingo operations and other games of chance. The LLC operates under a multiple-beneficiary permit issued by the State of Alaska. Operations are managed by a Gaming Operations Board that includes one representative from each of the four member organization. The Club's share of the net income from the joint venture is 25% and its share of the equity is 16.5%. Gross receipts net of prizes, awards, taxes and other related expenses from all bingo and pull tab activity are allocated equally to each member on a quarterly basis with the exception of West High School, whose allocated share shall not be less than 20%. Expenses are allocated in the same manner as gross receipts. Separate financial statements for Player's Choice Bingo are available from Player's Choice Bingo, 165 South Bragaw Street, Anchorage, Alaska 99508.

As of December 31, 2014, the Club has recorded an accounts receivable from the joint venture in the amount of \$146,873, which represents undistributed net income. This balance is included accounts receivable, net of allowance, on the Statements of Financial Position.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

Summary of financial information for Player's Choice Gaming, LLC as of and for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Balance sheets:		
Current assets	\$ 777,005	517,804
Noncurrent assets	<u>63,166</u>	<u>58,102</u>
	<u>840,171</u>	<u>575,906</u>
Current liabilities	678,457	409,896
Member's equity	<u>161,714</u>	<u>166,010</u>
	\$ <u>840,171</u>	<u>575,906</u>
Income statements:		
Gross receipts	\$ 9,403,100	8,434,290
Cost of gross receipts	<u>(7,179,232)</u>	<u>(6,477,197)</u>
Gross profit	2,223,868	1,957,093
Operating expenses	<u>1,530,196</u>	<u>1,554,362</u>
Net income	\$ <u>693,672</u>	<u>402,731</u>
Net income allocable to the club	\$ <u>173,418</u>	<u>100,683</u>

8. Leases

A 20-year lease through 2019 was signed for the Woodland Park Clubhouse in 2000. The annual lease is \$1. The Clubs are operating on a 20-year contract, which began in 1999, with the Municipality of Anchorage to run the Mountain View Community Center. The Club's initial investment of \$2,375,099 will be depreciated over 20 years and any future leasehold improvements will be depreciated over the remaining life of the lease. Should either party decide to end the agreement, the Municipality will reimburse the Club for every year that it operates the facility, using a 20-year rate on the Clubs' investment. The Club entered into a lease ending in September 2015 for the clubhouse in the Wasilla-Palmer area; the lease calls for monthly payments of \$2,500. The Club leases 10,090 square feet of the Old Main School building from the City of Fairbanks. The lease is for five years, ending July 1, 2015. The rent compensation to the City is limited to the Club performing renovations to the leased facility. The Club is also responsible for compensating the City for the shared utility expenses. The City estimates the lease to have a fair market value of \$5,892 per month. The lease may be canceled upon ninety days advance written notice by the lessee.

The yearly lease obligations as of December 31 are as follows:

	<u>2014</u>	<u>2013</u>
2014	\$ -	23,501
2015	22,501	1
2016	1	1
2017	1	1
2018	1	1
Thereafter	<u>1</u>	<u>1</u>
Total	\$ <u>22,505</u>	<u>23,506</u>

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

9. Line of Credit and Note Payable

The Club has a secured line of credit with First National Bank for \$750,000. The line of credit has a variable interest rate set at Prime plus two percent, with a floor of 6.25%. The Club has no outstanding obligation on the line of credit at December 31, 2014 or December 31, 2013. The Club has a secured note payable with Wells Fargo which was renegotiated in 2013. The current variable interest rate is set at prime plus one percent, with a floor of 4.25 percent. The outstanding balance at December 31, 2014 and December 31, 2013 was \$352,894 and \$385,399, respectively.

Remaining payments on the outstanding note payable obligation at December 31, 2014 are as follows:

2015	\$ 34,062
2016	34,757
2017	<u>284,075</u>
Total	\$ <u>352,894</u>

A balloon payment of \$284,075 is due on February 1, 2017, which will fully payoff the remaining note payable balance.

10. Pension Plan

The Club maintains a defined contribution pension plan for qualifying employees. Employees who have completed 1,040 hours of service in two consecutive calendar are eligible under the plan commencing January 1 or July 1 of the year after eligibility requirements have been met. Contributions are based upon a percentage determined by the Board of Directors. No contributions were made to the plan during the years ended December 31, 2014 and 2013.

11. In-Kind Contributions and Expenses

In-kind contributions include donated property and equipment with a fair value of \$18,000 and \$0 for the years ended December 31, 2014 and 2013, respectively. A summary of the remaining in-kind revenue and expenses for the years ended December 31, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Program services	\$ 3,121,311	2,919,268
Fundraising	<u>-</u>	<u>186</u>
Total	\$ <u>3,121,311</u>	<u>2,919,454</u>

12. Economic Dependency

During the years ended December 31, 2014 and 2013, Boys & Girls Clubs of Southcentral Alaska obtained approximately 28% and 26%, respectively, of the funding for its activities from Federal and State grants. A significant decrease in these grants could have a negative effect on operations.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

13. Contingencies

Amounts received or receivable from the State of Alaska or federal government are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of the Club. However, management believes that if such a claim occurs, it would be immaterial to the financial statements.

14. Reclassification

Certain items from 2013 have been reclassified to conform to the 2014 presentation.

15. Grants Awarded But Not Yet Expended

The Club has been awarded several State of Alaska Legislative Designation capital grants. As of December 31, 2014 the following schedule details the amount of outstanding awards and illustrates the spending activity:

<u>Award No.</u>	<u>Location & Description</u>	<u>Award Amount</u>	<u>Usage Thru Dec. 2014</u>	<u>Remaining Balance</u>
12-DM-162	(2) Facility & Technology Upgrades	\$ 30,000	\$ 6,600	\$ 23,400
13-DC-471	(3) Facility & Equipment Upgrades	1,374,440	1,315,320	59,120
14-DC-209	(1) Renovation & Security Improvements	778,000	229,314	548,686
13-DC-291	(4) Renovation & Repairs	230,000	87,625	142,375
13-DM-169	(6) Clubhouse & Technology Upgrades	35,000	32,709	2,291
14-DM-107	(6) Program and Storage Equipment	47,500	41,381	6,119
14-DM-210	(3) Roof and Window Replacement	1,500,000	648,177	851,823
13-DC-396	(3) Maintenance Building Installation	584,050	-	584,050
15-DC-344	(9) Program and Technology Equipment	5,000	-	5,000
15-DC-345	(5) Teen Center Energy & Safety Upgrades	45,000	-	45,000
15-DC-346	(7) Upgrades & Program Equipment	49,000	4,296	44,704
15-DC-347	(8) Upgrades & Program Equipment	35,000	14,817	20,183
15-DC-348	(10) Upgrades & Program Equipment	20,000	12,164	7,836
15-DC-349	(6) Kitchen Upgrades	48,000	-	48,000

Locations: (1)=Mt. View-Anchorage (2)=Kotzebue (3)=Woodland-Anchorage (4)=Fairbanks (5)=Eagle River (6)=NECC-Anchorage (7)=Mat-Su (8)=Metlakatla (9)=Barrow (10)=Noorvik

Approximately \$2,388,587 remains of the awarded funds to be expended. These funds are intended to be used for the facility upgrades, repairs and maintenance and general improvements to the clubhouses. The grants are available for varying periods of time with the latest award expiring in 2020.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Notes to the Financial Statements, continued

16. Related Parties

The Club has snow removal services provided by a related party. The owner of the company is a relative of the Director of Facilities and Maintenance for the Club. The amounts paid for services rendered during the years ended December 31, 2014 and 2013 were \$9,118 and \$10,340, respectively. The Club also purchased office furnishings from a related party. The owner of the company is a member of the Club's "Trustee Committee". The amounts paid for furnishings during the years ended December 31, 2014 and 2013 were \$19,128 and \$21,987 respectively. The Club believes these transactions occurred at the same terms that would have occurred with a non-related party.

17. Prior Period Adjustment and Restatement of 2013 Financial Statements

Undistributed net profits from Player's Choice Gaming, LLC were not properly accounted for in prior years. An adjustment of \$17,562 has been recorded to increase the balance in accounts receivables, net of allowance, and unrestricted net assets as of December 31, 2013. A prior period adjustment of \$77,627 has been recorded to increase beginning unrestricted net assets to account for errors that occurred in fiscal years ended December 31, 2012 and prior.

18. Subsequent Events

In April 2014, the Club resolved legal issues involving clear title to property known as the Waldron Lake Property. This property was effectively donated to the Club in 1972. In 2013 the Municipality of Anchorage received a \$4 million appropriation from the State of Alaska to purchase approximately 90% of the property from the Club for use as a public park. The Club has begun negotiations with the Municipality of Anchorage on the possible sale of the property. The Club is also considering selling the remaining 10% of the property as it is not being used by the Club in fulfilling its mission. As of December 31, 2014, the recorded value of Waldron Property in the financial statements is approximately \$423,000.

Management has evaluated all other subsequent events through July 20, 2015, the date which the financial statements were available for issue.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Comprehensive Behavioral Health Prevention and Early Intervention Services FY14
 Grant Award #602-14-724

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	Variance Favorable (Unfavorable)
		<u>Prior Year</u>	<u>Current Year</u>		
Support and revenue - State of Alaska	\$ <u>299,541</u>	<u>145,041</u>	<u>154,500</u>	<u>299,541</u>	<u>-</u>
Expenses:					
Personnel	87,567	47,797	43,371	91,168	(3,601)
Travel	1,600	-	1,606	1,606	(6)
Facility	10,500	7,871	3,920	11,791	(1,291)
Supplies	2,556	134	1,647	1,781	775
Other	<u>197,318</u>	<u>89,239</u>	<u>103,956</u>	<u>193,195</u>	<u>4,123</u>
Total expenses	<u>299,541</u>	<u>145,041</u>	<u>154,500</u>	<u>299,541</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Comprehensive Behavioral Health Prevention and Early Intervention Services FY15
 Grant Award #602-207-1522

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Support and revenue:			
Federal sources passed through the State of Alaska	\$ 200,000	-	(200,000)
State of Alaska	<u>60,960</u>	<u>43,529</u>	<u>(17,431)</u>
Total support and revenue	<u>260,960</u>	<u>43,529</u>	<u>(217,431)</u>
Expenses:			
Personnel	25,995	15,766	10,229
Travel	1,125	406	719
Supplies	1,500	90	1,410
Other	<u>232,340</u>	<u>27,267</u>	<u>205,073</u>
Total expenses	<u>260,960</u>	<u>43,529</u>	<u>217,431</u>
Excess of support and revenue over expenses	<u>\$ -</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
Child Care Grant

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support and revenue - State of Alaska	\$ <u>41,493</u>	<u>41,493</u>	<u>-</u>
Expenses - Supplies	<u>41,493</u>	<u>41,493</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Title V (Formula) Delinquency Prevention FY14
 Grant Award #609-14-067

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Support and revenue -					
Federal sources passed through the State of Alaska, passed through Hydaburg Cooperative Association	\$ <u>45,000</u>	<u>18,168</u>	<u>12,702</u>	<u>30,870</u>	<u>(14,130)</u>
Expenses:					
Personnel	27,662	18,168	12,702	30,870	(3,208)
Supplies	4,523	-	-	-	4,523
Equipment	3,500	-	-	-	3,500
Other	9,315	-	-	-	9,315
Total expenses	<u>45,000</u>	<u>18,168</u>	<u>12,702</u>	<u>30,870</u>	<u>14,130</u>
Excess of support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Title V (Formula) Delinquency Prevention FY15
 Grant Award #609-238-1501

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Support and revenue:			
Federal sources passed through the State of Alaska, passed through Hydaburg Cooperative Association	\$ <u>45,000</u>	<u>15,474</u>	<u>(29,526)</u>
Expenses:			
Personnel	27,662	15,474	12,188
Supplies	4,523	-	4,523
Equipment	3,500	-	3,500
Other	9,315	-	9,315
Total expenses	<u>45,000</u>	<u>15,474</u>	<u>29,526</u>
Excess of support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Human Services Community Matching Grants FY14
 Grant Award #605-14-013

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	Variance Favorable (Unfavorable)
		<u>Prior Year</u>	<u>Current Year</u>		
Support and revenue:					
State of Alaska passed through the Matanuska Susitna Borough	\$ 11,900	9,452	2,448	11,900	-
Local sources	5,100	4,051	1,049	5,100	-
Total support and revenue	<u>17,000</u>	<u>13,503</u>	<u>3,497</u>	<u>17,000</u>	<u>-</u>
Expenses:					
Personnel	13,895	10,430	3,253	13,683	212
Facility	2,440	2,440	-	2,440	-
Supplies	665	633	244	877	(212)
Total expenses	<u>17,000</u>	<u>13,503</u>	<u>3,497</u>	<u>17,000</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Human Services Community Matching Grants FY15
 Grant Award #605-15-013

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Support and revenue:			
State of Alaska passed through the Matanuska Susitna Borough	\$ 14,780	12,303	(2,477)
Local sources	<u>6,334</u>	<u>5,273</u>	<u>(1,061)</u>
Total support and revenue	<u>21,114</u>	<u>17,576</u>	<u>(3,538)</u>
Expenses:			
Personnel	5,799	6,026	(227)
Facility	14,665	11,022	3,643
Supplies	<u>650</u>	<u>528</u>	<u>122</u>
Total expenses	<u>21,114</u>	<u>17,576</u>	<u>3,538</u>
Excess of support and revenue over expenses	<u>\$ -</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Human Services Community Matching Grants FY14
 Grant Award #605-14-011

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	Variance Favorable (Unfavorable)
		<u>Prior Year</u>	<u>Current Year</u>		
Support and revenue:					
State of Alaska passed through the Fairbanks North Star Borough	\$ 31,384	23,307	8,077	31,384	-
Local sources	13,450	9,988	3,462	13,450	-
Total support and revenue	<u>44,834</u>	<u>33,295</u>	<u>11,539</u>	<u>44,834</u>	<u>-</u>
Expenses:					
Personnel	43,372	32,691	10,681	43,372	-
Supplies	1,462	604	858	1,462	-
Total expenses	<u>44,834</u>	<u>33,295</u>	<u>11,539</u>	<u>44,834</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Human Services Community Matching Grants FY15
 Grant Award #605-15-011

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Support and revenue:			
State of Alaska passed through the Fairbanks North Star Borough	\$ 35,000	19,954	(15,047)
Local sources	<u>15,000</u>	<u>8,551</u>	<u>(6,449)</u>
Total support and revenue	<u>50,000</u>	<u>28,505</u>	<u>(21,495)</u>
Expenses:			
Personnel	46,343	27,529	18,814
Supplies	<u>3,657</u>	<u>976</u>	<u>2,681</u>
Total expenses	<u>50,000</u>	<u>28,505</u>	<u>21,495</u>
Excess of support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Health and Social Services
 Division of Juvenile Justice - Enforcing Underage Drinking Laws FY14
 Grant Award #609-14-103

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	Variance Favorable <u>(Unfavorable)</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Support and revenue - Federal sources passed through the State of Alaska	\$ <u>30,000</u>	<u>4,308</u>	<u>25,692</u>	<u>30,000</u>	<u>-</u>
Expenses:					
Personnel	10,504	4,288	5,676	9,964	540
Other	<u>19,496</u>	<u>20</u>	<u>20,016</u>	<u>20,036</u>	<u>(540)</u>
Total expenses	<u>30,000</u>	<u>4,308</u>	<u>25,692</u>	<u>30,000</u>	<u>-</u>
Excess of support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Commerce, Community and Economic Development
 Renovations and Repairs - Fairbanks Clubhouse
 Grant Award #13-DC-291

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	Variance Favorable (Unfavorable)
		<u>Prior Year</u>	<u>Current Year</u>		
Support and revenue - State of Alaska	\$ <u>230,000</u>	<u>10,711</u>	<u>76,914</u>	<u>87,625</u>	<u>142,375</u>
Expenses - Facility & Technology Upgrades	<u>230,000</u>	<u>10,711</u>	<u>76,914</u>	<u>87,625</u>	<u>142,375</u>
Excess of public support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Commerce, Community and Economic Development
 Designated Legislative Grant - Facility and Technology Upgrades
 Grant Award #13-DC-471

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	Variance Favorable (Unfavorable)
		<u>Prior Year</u>	<u>Current Year</u>		
Support and revenue - State of Alaska	\$ <u>1,374,440</u>	<u>1,048,718</u>	<u>266,602</u>	<u>1,315,320</u>	<u>(59,120)</u>
Expenses:					
Program Funds	1,236,996	911,672	266,204	1,177,876	59,120
Administration	<u>137,444</u>	<u>137,046</u>	<u>398</u>	<u>137,444</u>	<u>-</u>
Total expenses	<u>1,374,440</u>	<u>1,048,718</u>	<u>266,602</u>	<u>1,315,320</u>	<u>59,120</u>
Excess of public support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Commerce, Community and Economic Development
 Designated Legislative Grant - Facility Upgrades and Repairs - Mt. View Clubhouse
 Grant Award #13-DC-184

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
Support and revenue - State of Alaska	\$ <u>125,000</u>	<u>91,313</u>	<u>33,687</u>	<u>125,000</u>	<u>-</u>
Expenses:					
Program funds	112,500	84,980	27,520	112,500	-
Administration	<u>12,500</u>	<u>6,333</u>	<u>6,167</u>	<u>12,500</u>	<u>-</u>
Total expenses	<u>125,000</u>	<u>91,313</u>	<u>33,687</u>	<u>125,000</u>	<u>-</u>
Excess of public support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Commerce, Community and Economic Development
 Designated Legislative Grant - Renovation and Security Improvements - Mt. View
 Grant Award #14-DC-209

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	Variance Favorable (Unfavorable)
		<u>Prior Years</u>	<u>Current Year</u>		
Support and revenue - State of Alaska	\$ <u>778,000</u>	<u>94,729</u>	<u>134,585</u>	<u>229,314</u>	<u>(548,686)</u>
Expenses:					
Program funds	700,200	58,764	92,750	151,514	548,686
Administration	<u>77,800</u>	<u>35,965</u>	<u>41,835</u>	<u>77,800</u>	<u>-</u>
Total expenses	<u>778,000</u>	<u>94,729</u>	<u>134,585</u>	<u>229,314</u>	<u>548,686</u>
Excess of public support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Commerce, Community and Economic Development
 Designated Legislative Grant - Woodland Park Clubhouse Roof and Window Replacement
 Grant Award #14-DC-210

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Support and revenue - State of Alaska	\$ <u>1,500,000</u>	<u>648,177</u>	<u>(851,823)</u>
Expenses:			
Program Funds	1,305,000	581,229	723,771
Other - MOA Engineering	45,000	20,395	24,605
Administration	<u>150,000</u>	<u>46,553</u>	<u>103,447</u>
Total expenses	<u>1,500,000</u>	<u>648,177</u>	<u>851,823</u>
Excess of public support and revenue over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BOYS AND GIRLS CLUBS OF SOUTHCENTRAL ALASKA

Alaska Department of Commerce, Community and Economic Development
Designated Legislative Grants under \$50K

Schedule of Activities - Budget and Actual

Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Support and revenue - State of Alaska	\$ <u>216,500</u>	<u>47,941</u>	<u>64,026</u>	<u>111,967</u>	<u>(104,533)</u>
Expenses:					
13-DM-169 NorthEast Clubhouse	35,000	23,754	8,955	32,709	2,291
12-DM-162 Kotzebue Clubhouse	30,000	6,600	-	6,600	23,400
14-DM-107 Northeast Community Center	47,500	17,587	23,794	41,381	6,119
15-DC-346 Mat-Su Clubhouse	49,000	-	4,296	4,296	44,704
15-DC-347 Metlakatla Clubhouse	35,000	-	14,817	14,817	20,183
15-DC-348 Noorvik Clubhouse	20,000	-	12,164	12,164	7,836
Total expenses	<u>216,500</u>	<u>47,941</u>	<u>64,026</u>	<u>111,967</u>	<u>104,533</u>
Excess of public support and revenue over expenses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2014

Grantor/Program Name	Grant Number	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture passed through:			
State of Alaska Department of Education & Early Development Child and Adult Care Food Program (CACFP)	None	10.558	124,388
Summer Food Service Program for Children (SFSP) Total U.S. Department of Agriculture	None	10.559	<u>28,553</u> <u>152,941</u>
U.S. Department of Education passed through:			
Arctic Slope Community Foundation, Inc. Alaska Native Education Program - Project Learn: Academic & Cultural Enrichment with Alaskan BGC in Indian Country	S356A140004	84.356	<u>252,742</u>
U.S. Department of Justice passed through:			
Boys & Girls Clubs of America (BGCA):			
OJJDP FY2013 National Mentoring Programs (Underserved Communities)	2013-MU-FX-0070 / 2013-31373	16.726	10,000
OJJDP FY2013 National Mentoring Programs (Native American Clubs)	2013-MU-FX-0070 / 2013-31372	16.726	290,722
OJJDP FY2013 National Mentoring Programs (Delinquency Prevention Initiative)	2013-MU-FX-0070 / 2013-31370 & 31371	16.726	42,617
Total U.S. Department of Justice passed through BGCA			<u>343,339</u>
U.S. Department of Justice passed through:			
State of Alaska Department of Health and Social Services Enforcing Underage Drinking Laws	609-14-103	16.727	<u>25,692</u>
OJJDP Title V Delinquency Prevention Program via Hydaburg Cooperative Association	609-14-067	16.540	12,702
OJJDP Title V Delinquency Prevention Program via Hydaburg Cooperative Association Total CFDA #16.540	609-238-1501	16.540	<u>15,474</u> <u>28,176</u>
Total U.S. Department of Justice passed through Alaska Dept. of Health & Social Services			<u>53,868</u>
Total U.S. Department of Justice			<u>397,207</u>
U.S. Department of Health and Human Services passed through:			
Boys & Girls Clubs of America (BGCA): Indian Health Service (IHS) Demonstration Projects for Indian Health (TRAIL)	NCAI-13-001-SA-AK	93.933	<u>55,326</u>
U.S. Department of the Interior passed through:			
Alaska Department of Commerce, Community, and Economic Development (DCCED) National Petroleum Reserve Alaska Program via City of Wainwright	14-NPRA-09	15.227	<u>63,913</u>
Total Federal Financial Assistance			<u>\$ 922,129</u>

Notes to schedule:

1. The above schedule was prepared on the accrual basis of accounting.
2. No amounts were passed through to subrecipients.

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year Ended December 31, 2014

State Grant Title	Grant Number	Award Amount	State Expenditures
State of Alaska Department of Health and Social Services:			
Direct:			
# Comprehensive Behavioral Health Prevention and Early Intervention	602-14-724	\$ 299,541	154,500
Comprehensive Behavioral Health Prevention and Early Intervention	602-207-1522	260,960	43,529
		<u>560,501</u>	<u>198,029</u>
Child Care Grant Program	None	41,493	41,493
# Project LEAD Sponsorship	None	500,000	500,000
Passed Through:			
Fairbanks North Star Borough:			
Human Services Community Matching Grant	605-14-011	31,384	8,077
Human Services Community Matching Grant	605-15-011	35,000	19,954
		<u>66,384</u>	<u>28,031</u>
Mat-Su Borough:			
Human Services Community Matching Grant	605-14-013	11,900	2,448
Human Services Community Matching Grant	605-15-013	14,780	12,303
		<u>26,680</u>	<u>14,751</u>
Total Department of Health and Social Services		<u>1,195,058</u>	<u>782,304</u>
State of Alaska Department of Commerce, Community and Economic Development - Direct:			
Designated Legislative Grant - Mountain View Upgrades & Repairs	13-DC-184	125,000	33,687
# Designated Legislative Grant - Fairbanks Clubhouse Renovation	13-DC-291	230,000	76,914
# Designated Legislative Grant - Woodland Park Clubhouse	13-DC-471	1,374,440	266,602
Designated Legislative Grant - Northeast Clubhouse	13-DM-169	35,000	8,955
Designated Legislative Grant - Metlakatla Clubhouse Facility Upgrade	15-DC-347	35,000	14,817
Designated Legislative Grant - Noorvik Clubhouse Facility Upgrade	15-DC-348	20,000	12,164
Designated Legislative Grant - Mat-Su Valley Clubhouse Upgrade	15-DC-346	49,000	4,296
Designated Legislative Grant - Northeast Community Center	14-DM-107	47,500	23,794
# Designated Legislative Grant - Mountain View Clubhouse Renovation	14-DC-209	778,000	134,585
# Designated Legislative Grant - Woodland Park Clubhouse Roof	14-DC-210	1,500,000	648,177
Total Department of Commerce, Community and Economic Development		<u>4,193,940</u>	<u>1,223,991</u>
Total State Financial Assistance		<u>\$ 5,388,998</u>	<u>2,006,295</u>

Notes to schedule:

1. The above schedule was prepared on the accrual basis of accounting.
2. # Denotes a major program for compliance audit purposes.
3. The following amounts were passed through to subrecipients:

Passed through to Anchorage Youth Development	602-14-724	\$ 7,875
Passed through to Big Brothers Big Sisters	602-14-724	25,493
Passed through to Community Sports, Inc.	602-14-724	19,195
Passed through to United Way of the Mat-Su Valley	602-14-724	47,219
		<u>99,782</u>
Passed through to United Way of the Mat-Su Valley	602-207-1522	30,000
Total passed through to subrecipients		<u>\$ 129,782</u>

COMPLIANCE REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Members of the Board of Directors
Boys & Girls Clubs of Southcentral Alaska
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Boys & Girls Clubs of Southcentral Alaska, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys & Girls Clubs of Southcentral Alaska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Clubs of Southcentral Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of Southcentral Alaska's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the Board of Directors
Boys & Girls Clubs of Southcentral Alaska

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boys & Girls Clubs of Southcentral Alaska financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Altman, Rogers & Co.

Anchorage, Alaska
July 20, 2015

Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133

Independent Auditor's Report

Members of the Board of Directors
Boys & Girls Clubs of Southcentral Alaska
Anchorage, Alaska

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Clubs of Southcentral Alaska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Clubs of Southcentral Alaska's major federal programs for the year ended December 31, 2014. Boys & Girls Clubs of Southcentral Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying Federal Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boys & Girls Clubs of Southcentral Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boys & Girls Clubs of Southcentral Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Boys & Girls Clubs of Southcentral Alaska's compliance.

Opinion on Each Major Federal Program

In our opinion, Boys & Girls Clubs of Southcentral Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of Boys & Girls Clubs of Southcentral Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boys & Girls Clubs of Southcentral Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of Southcentral Alaska's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Sincerely,



Anchorage, Alaska
July 20, 2015

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Is going concern emphasis-of-matter paragraph included in the audit report?

___ yes x no

Internal control over financial reporting:

Significant deficiency(ies) identified?

___ yes x no

Material weakness(es) identified?

___ yes x no

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified

(Section .510 (a)(1))?

___ yes x no

Significant deficiency(ies) identified

(Section .510 (a)(1))?

___ yes x no

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (Section .510 (a) (2))?

___ yes x no

Type of auditor’s report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) (3) or (4)?

___ yes x no

Identification of major programs:

CFDA Number(s)

84.356

Name of Federal Program

Alaska Native Education Program – Project Learn

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

x yes ___ no

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Section II – Financial Statement Findings

Boys and Girls Clubs of Southcentral Alaska did not have any findings that related to the financial statements.

Section III – Federal Award Findings and Questioned Costs

Boys and Girls Clubs of Southcentral Alaska did not have any findings that related to the federal awards.

Section IV – Summary of Prior Audit Findings

Boys and Girls Clubs of Southcentral Alaska did not have any prior year audit findings.

Report on Compliance for Each Major State Program and Report on Internal Control over Compliance as Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Independent Auditor's Report

Members of the Board of Directors
Boys & Girls Clubs of Southcentral Alaska
Anchorage, Alaska

Report on Compliance for Each Major State Program

We have audited Boys & Girls Clubs of Southcentral Alaska's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Boys & Girls Clubs of Southcentral Alaska's major state programs for the year ended December 31, 2014. Boys & Girls Clubs of Southcentral Alaska's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boys & Girls Clubs of Southcentral Alaska's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Boys & Girls Clubs of Southcentral Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of Boys & Girls Clubs of South Central Alaska's compliance.

Opinion on Each Major State Program

In our opinion, Boys & Girls Clubs of Southcentral Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

Management of Boys & Girls Clubs of Southcentral Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boys & Girls Clubs of Southcentral Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Clubs of Southcentral Alaska's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska
July 20, 2015

BOYS & GIRLS CLUBS OF SOUTHCENTRAL ALASKA

STATE SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified? _____ yes x no

Material weakness(es) identified? _____ yes x no

Noncompliance material to financial statements noted? _____ yes x no

State Financial Assistance

Internal Control over major programs:

Significant deficiency(ies) identified? _____ yes x no

Material weakness(es) identified? _____ yes x no

Type of auditor’s report issued on compliance
for major programs:

Unmodified

Dollar threshold used to distinguish
a state major program:

\$ 75,000

Section II – Financial Statement Findings

Boys and Girls Clubs of Southcentral Alaska did not have any findings that related to the financial statements..

Section III – State Award Findings and Questioned Costs

Boys and Girls Clubs of Southcentral Alaska did not have any findings that related to state awards.

Section IV – Summary of Prior Audit Findings

Boys and Girls Clubs of Southcentral Alaska did not have any prior audit findings.

Board of Directors

Chair

Terry Bailey

Board Members

John S. Brown, Retired-I.U.O.E.

Michelle Brumfield, ConocoPhillips

Sharon Burns, Calista Corporation

Scott Centers, Coastal Television

Hollis French, Attorney

Cheri Gillian, First National Bank Alaska

Brandon Hughes, Wells Fargo

Elisha Martin, Coldwell Banker Commercial

Kathleen Redmond, Alaska Communications

Brent Renfrew, CPA, ASRC

Kyle Rogers, Alaska Industrial Hardware

Starkey Saindon, The Odom Corporation

Jeff San Juan, AIDEA

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BOYS & GIRLS CLUBS
ALASKA



CAPE FOX
LODGE
Ketchikan, Alaska

Tuesday, December 15, 2015

To whom it may concern

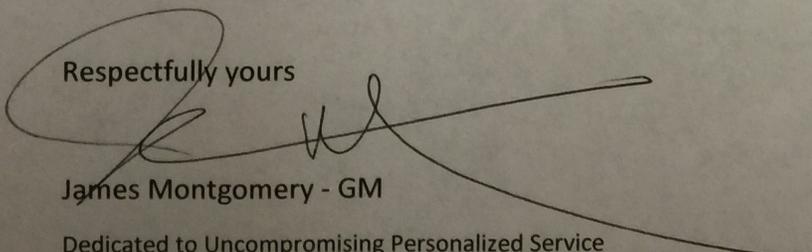
I am writing in reference to the Boys and Girls Club of Ketchikan and its continued livelihood within our community. As a former member "many years ago" of a Boys and Girls Club, I intimately know the value that this organization has on the lives of its participants, supporters and the community.

We were all kids at one time and most of us still are in one way or another. The Boys and Girls Club of Ketchikan affords a unique opportunity to many kids in our community; without this Club they could end up in situations that we know all too well the outcome of.

The Ketchikan club proudly holds many awards and titles, many of these are thanks to the exemplary leadership of its current administrator and leader Christopher Lemerond. Chris has taken this club to new heights within the Southeast division and his kids love and respect him as does the entire community, with good reason.

I strongly urge you to support this club with your monetary contribution, your extensive financial network connections and your personal business outreach. Your participation will be rewarded many times over in the growth of these kids into young productive adults who will soon be the leaders of our community and you will have had the opportunity to participate in the molding of the future that can and will make a difference.

Respectfully yours



James Montgomery - GM

Dedicated to Uncompromising Personalized Service

December 10, 2015

Christopher Lemerond
Boys & Girls Club of Alaska- Ketchikan

Dear Mr. Lemerond,

Thank you for providing Boys & Girls Club services in Ketchikan. My son, Tristen has been attending the Club since last school year and he still fully enjoys attending just as much as his first day there.

The Club has been great for Tristen to interact socially with a multitude of kids. He currently attends Holy Name School. Because their class size is small, I appreciate being able to bring Tristen to the Club to interact with other kids.

As a parent, I appreciate the Power Hour and the journaling that you and your staff work with the kids on. Getting homework done right after school is most helpful for Tristen's schedule.

We hope the Boys & Girls Club will continue to provide services to the Greater Ketchikan Area. Thank you for all you do for our kids!

Sincerely,

A handwritten signature in black ink that reads "Anna Marie Mestas". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Anna Marie Mestas
Parent of Tristen Lemerond