BOYS & GIRLS CLUBS
OF SAN FRANCISCO

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CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Boys & Girls Clubs of San Francisco and Affiliates
San Francisco, California

Report of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of San Francisco and Affiliates (the Club), which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the 2016 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of San Francisco and Affiliates as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The *Consolidating Statement of Financial Position* as of September 30, 2016, and the *Consolidating Statement of Activities and Changes in Net Assets* for the year then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Report on Summarized Comparative Information

The 2015 consolidated financial statements of the Club were audited by Lautze & Lautze, CPA's & Financial Advisors whose practice was combined with Marcum LLP as of June 1, 2016, and whose report dated February 23, 2016, expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

San Francisco, California
February 24, 2017

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016	2015
Assets		
Cash and cash equivalents	$ 3,703,387	$ 3,181,778
Accounts receivable	581,014	386,787
Grants receivable	449,031	711,163
Promises to give, net	735,875	1,256,804
Prepaid expenses	275,743	217,895
Notes receivable	29,605,402	29,605,402
Investments	2,988,808	2,953,961
Interest in the net assets of the Endowment Trust	36,530,776	32,627,716
Beneficial interest in trusts	776,866	118,356
Cash restricted for interest	30,225	30,219
Cash restricted for long-term purposes	1,177,206	1,679,930
Property and equipment, net	35,255,640	36,020,637
Construction in progress	108,743	78,068
Total Assets	$ 112,218,716	$ 108,868,716
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 1,225,044	$ 1,163,013
Accrued salaries and benefits	597,984	573,015
Deferred revenue	38,100	16,547
Notes payable, net	40,899,786	40,601,959
Total Liabilities	42,760,914	42,354,534
Commitments and Contingencies		
Net Assets		
Unrestricted	49,580,180	47,090,180
Temporarily restricted	2,405,964	2,537,628
Permanently restricted	17,471,658	16,886,374
Total Net Assets	69,457,802	66,514,182
Total Liabilities and Net Assets	$ 112,218,716	$ 108,868,716

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

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Public Support and Revenue					
Public Support					
Contributions:					
Individuals	$ 1,086,566	$ 1,467,440	$ --	$ 2,554,006	$ 4,302,881
Government	2,288,077	--	--	2,288,077	1,746,054
Foundations and trusts	1,501,498	63,500	--	1,564,998	2,326,534
Bequests	5,433	668,331	--	673,764	14,981
Corporate	307,731	145,000	--	452,731	547,297
Federal awards	312,567	--	--	312,567	312,588
Change in the interest in the net assets of the Endowment Trust	1,667,199	--	1,466,737	3,133,936	(1,254,256)
Special events, net	2,659,244	80,000	--	2,739,244	1,705,417
In-kind contributions	273,308	--	--	273,308	182,648
Change in beneficial interest in trusts	--	(9,821)	--	(9,821)	--
Net assets released from restrictions	3,491,712	(2,610,259)	(881,453)	--	--
Total Public Support	13,593,335	(195,809)	585,284	13,982,810	9,884,144
Revenue					
Other investment income (loss)	1,110,418	--	--	1,110,418	(47,959)
Net investment income	481,082	33,257	--	514,339	519,242
Rental income	315,657	--	--	315,657	340,143
Camp fees	216,713	4,625	--	221,338	182,590
Net realized and unrealized investment gains (loss)	75,977	26,263	--	102,240	(270,229)
Membership dues	92,615	--	--	92,615	75,344
Net program incidental revenue	82,575	--	--	82,575	49,778
Miscellaneous income	38,595	--	--	38,595	10,531
Loss on disposal of property	--	--	--	--	(953)
Total Revenue	2,413,632	64,145	--	2,477,777	858,487
Total Public Support and Revenue	16,006,967	(131,664)	585,284	16,460,587	10,742,631

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

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016				2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Expenses					
Program services	$ 10,782,334	$ --	$ --	$ 10,782,334	$ 10,225,859
Supporting Services					
Management and general	1,557,917	--	--	1,557,917	1,412,188
Fundraising	1,168,171	--	--	1,168,171	991,065
Total Supporting Services	2,726,088	--	--	2,726,088	2,403,253
Total Expenses	13,508,422	--	--	13,508,422	12,629,112
Bad Debt Losses	8,545	--	--	8,545	154,596
Change in Net Assets	2,490,000	(131,664)	585,284	2,943,620	(2,041,077)
Net Assets - Beginning	47,090,180	2,537,628	16,886,374	66,514,182	68,555,259
Net Assets - Ending	$ 49,580,180	$ 2,405,964	$ 17,471,658	$ 69,457,802	$ 66,514,182

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

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Program Services					
	Camp Mendocino	Citywide	Columbia Park	Excelsior	Don Fisher	Mission
Salaries	$ 701,256	$ 1,256,928	$ 456,327	$ 454,606	$ 582,663	$ 361,404
Employee benefits	99,882	159,426	81,840	61,416	97,475	68,978
Payroll taxes	47,693	93,690	34,652	34,259	44,042	27,210
Total Salaries and Related Expenses	848,831	1,510,044	572,819	550,281	724,180	457,592
Advertising and promotion	968	436	1,175	222	1,411	343
Conferences and conventions	6,184	34,237	3,848	4,052	3,491	2,373
Equipment repairs and maintenance	7,934	9,729	15,319	6,388	10,946	3,862
Insurance	40,513	31,455	11,420	11,377	14,581	9,044
Interest	--	--	--	--	507,595	283,247
Membership dues	3,565	235	191	221	109	68
Miscellaneous	5,953	--	--	--	--	--
Occupancy	100,478	45,039	97,710	123,336	104,736	87,726
Postage	972	864	302	336	386	239
Printing and publication	9,311	1,868	673	456	652	377
Professional fees	8,056	14,439	5,242	5,222	6,693	4,152
Program services contracts	54,310	97,345	35,341	35,208	45,125	27,990
Scholarships and stipends	9,570	78,133	1,800	--	8	--
Supplies	28,895	116,816	50,063	54,002	53,004	25,370
Telephone	8,829	10,349	16,043	12,999	24,920	17,667
Transportation and travel	102,475	106,612	5,977	10,825	9,134	6,253
Total Expenses before Depreciation	1,236,844	2,057,601	817,923	814,925	1,506,971	926,303
Depreciation	128,404	624	140,966	25,386	595,008	194,658
Total Expenses	1,365,248	2,058,225	958,889	840,311	2,101,979	1,120,961
Less: Expenses netted on the Consolidated Statement of Activities and Changes in Net Assets	--	--	--	--	--	--
	$ 1,365,248	$ 2,058,225	$ 958,889	$ 840,311	$ 2,101,979	$ 1,120,961

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

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Program Services				
	Sunnydale	Tenderloin	Visitacion Valley	Willie Mays	Total Program Services
Salaries	$ 143,521	$ 362,125	$ 301,849	$ 382,519	$ 5,003,198
Employee benefits	9,236	73,910	47,128	74,215	773,506
Payroll taxes	10,930	26,881	21,891	28,981	370,229
Total Salaries and Related Expenses	163,687	462,916	370,868	485,715	6,146,933
Advertising and promotion	634	157	224	149	5,719
Conferences and conventions	3,645	2,395	2,308	2,336	64,869
Equipment repairs and maintenance	2,727	5,703	4,402	5,331	72,341
Insurance	3,592	9,062	7,554	9,573	148,171
Interest	--	--	--	--	790,842
Membership dues	27	68	56	181	4,721
Miscellaneous	--	--	--	--	5,953
Occupancy	4,033	48,610	46,222	173,683	831,573
Postage	95	240	200	253	3,887
Printing and publication	144	363	303	607	14,754
Professional fees	1,649	4,160	3,467	4,394	57,474
Program services contracts	11,115	28,045	23,377	29,625	387,481
Scholarships and stipends	--	--	--	--	89,511
Supplies	33,647	20,172	36,013	42,566	460,548
Telephone	4,358	10,998	3,365	18,846	128,374
Transportation and travel	1,972	5,731	8,246	9,896	267,121
Total Expenses before Depreciation	231,325	598,620	506,605	783,155	9,480,272
Depreciation	6,437	644	150	209,785	1,302,062
Total Expenses	237,762	599,264	506,755	992,940	10,782,334
Less: Expenses netted on the Consolidated Statement of Activities and Changes in Net Assets	--	--	--	--	--
	$ 237,762	$ 599,264	$ 506,755	$ 992,940	$ 10,782,334

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

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Supporting Services			Totals	
	Management and General	Fundraising	Total	2016	2015
Salaries	$ 631,056	$ 810,323	$ 1,441,379	$ 6,444,577	$ 6,174,013
Employee benefits	180,981	79,688	260,669	1,034,175	951,041
Payroll taxes	36,788	56,973	93,761	463,990	477,041
Total Salaries and Related Expenses	848,825	946,984	1,795,809	7,942,742	7,602,095
Advertising and promotion	22,109	37,308	59,417	65,136	51,840
Conferences and conventions	24,905	717	25,622	90,491	75,218
Equipment repairs and maintenance	35,627	1,541	37,168	109,509	165,106
Insurance	34,212	--	34,212	182,383	169,642
Interest	--	--	--	790,842	785,341
Membership dues	29,955	505	30,460	35,181	34,711
Miscellaneous	31,564	91,225	122,789	128,742	43,470
Occupancy	13,371	--	13,371	844,944	944,951
Postage	2,103	14,920	17,023	20,910	25,130
Printing and publication	3,289	9,044	12,333	27,087	39,398
Professional fees	461,021	57,812	518,833	576,307	582,953
Program services contracts	--	--	--	387,481	184,588
Scholarships and stipends	345	--	345	89,856	88,315
Special events	--	554,563	554,563	554,563	392,185
Supplies	27,823	5,983	33,806	494,354	366,664
Telephone	6,505	1,560	8,065	136,439	113,483
Transportation and travel	14,863	572	15,435	282,556	224,021
Total Expenses before Depreciation	1,556,517	1,722,734	3,279,251	12,759,523	11,889,111
Depreciation	1,400	--	1,400	1,303,462	1,132,186
Total Expenses	1,557,917	1,722,734	3,280,651	14,062,985	13,021,297
Less: Expenses netted on the Consolidated Statement of Activities and Changes in Net Assets	--	(554,563)	(554,563)	(554,563)	(392,185)
	$ 1,557,917	$ 1,168,171	$ 2,726,088	$ 13,508,422	$ 12,629,112

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

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	$ 2,943,620	$ (2,041,077)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	8,545	154,596
Net realized and unrealized investment loss (gains)	(102,240)	270,229
Interest reinvested	--	(124,756)
Change in the interest in the net assets of the Endowment Trust	(3,133,936)	1,254,256
Contributions restricted for long-term purposes	2,344,271	(4,273,309)
Contributions of beneficial interest in trusts	(668,331)	--
Change in beneficial interest in trusts	9,821	--
Depreciation and amortization	1,601,291	1,430,014
Loss on disposal of property and equipment	--	953
Changes in operating assets and liabilities:		
Accounts receivable	(194,227)	(74,148)
Grants receivable	262,132	(267,905)
Promises to give	(2,311,100)	3,947,349
Prepaid expenses	(57,848)	99,252
Accounts payable and accrued expenses	62,031	(3,128,108)
Accrued salaries and benefits	24,969	34,165
Deferred revenue	21,553	13,847
Net Cash Provided by (Used in) Operating Activities	810,551	(2,704,642)
Cash Flows From Investing Activities		
Purchase of investments	(612,199)	(380,010)
Proceeds from sale or maturity of investments	679,591	805,733
BGCSF Board designated investment in the Endowment Trust	(2,661,919)	(5,545,000)
Distributions from the Endowment Trust	1,892,795	1,859,355
Change in cash restricted for long-term purposes	502,718	14,663,001
Purchase of property and equipment	(519,042)	(75,491)
Cash paid for construction in progress	(50,099)	(8,001,490)
Net Cash Provided by (Used in) Investing Activities	(768,155)	3,326,098

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

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH RESTATED SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016	2015
Cash Flows From Financing Activities		
Proceeds from contributions restricted for long-term purposes	479,213	940,207
Net Increase in Cash and Cash Equivalents	521,609	1,561,663
Cash and Cash Equivalents - Beginning	3,181,778	1,620,115
Cash and Cash Equivalents - Ending	$ 3,703,387	$ 3,181,778

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

Boys & Girls Clubs of San Francisco and Affiliates (the Club) is a non-profit organization dedicated to providing young people, ages 6 to 18, access to safe, fun, educational, and positive opportunities using a youth development approach. Resources offered to members include character and leadership development, sports and recreation, fine arts and crafts, educational enhancements, technology and career development, and health and life skills. There are eleven locations throughout San Francisco and a summer camp in Mendocino County. The Board of Governors serve as an oversight and policy making body for the Club.

The Club's mission statement, its core belief, and its approach to youth development are as follows:

Mission Statement
Is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible, and caring citizens.

Core Belief
That young people will achieve extraordinary things when they are provided with skilled and caring staff, fun and effective programs, and first class facilities in an environment that promotes respect, responsibility, and fun.

Approach to Youth Development
That our Clubhouses, staff, and programs come together to create stability, consistency, and a sense of physical and emotional safety for our members. Our youth development professionals serve each day as positive role models who provide ongoing caring relationships with youth. We work to develop moral character and instill a sense of belonging, competence, usefulness, and influence. Staff members make the Club feel like a home, fostering a family atmosphere and creating a sense of ownership for members.

BASIS OF ACCOUNTING

The Club prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred, regardless of the timing of cash flows.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Boys & Girls Clubs of San Francisco (BGCSF) and its affiliates, BGCSF Mission Clubhouse, Inc. (Mission Clubhouse, Inc.), and BGCSF Fulton Clubhouse, Inc. (Fulton Clubhouse, Inc.), collectively referred to as the Club. BGCSF has a 100% controlling interest in Mission Clubhouse, Inc. and Fulton Clubhouse, Inc. All significant inter-entity accounts and transactions have been eliminated.

In June 2010, BGCSF's Mission Clubhouse facility was acquired by Mission Clubhouse, Inc. Mission Clubhouse, Inc. was formed to facilitate financing for the construction of the Mission Clubhouse facility through the New Markets Tax Credit (NMTC) program, enacted as part of the Community Renewal Tax Relief Act of 2000 as outlined under §45D of the Internal Revenue Code (IRC).

In June 2013, BGCSF's Fulton Clubhouse land was acquired from the City of San Francisco. Subsequently, BGCSF sold the land to Fulton Clubhouse, Inc. which was formed to facilitate financing for the construction of the Fulton Clubhouse facility through the NMTC program.

CLASSIFICATION OF NET ASSETS

U.S. GAAP requires that the Club report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, the net assets of the Club are classified and reported as described below:

Unrestricted
Those net assets and activities which represent the portion of expendable funds that are available to support the Club's operations. A portion of these net assets may be designated by the Board of Governors for specific purposes.

Temporarily Restricted
Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted
Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments. The carrying amounts of notes payable are deemed to approximate fair value based upon rates of recent debt renewals. The carrying amounts of notes receivable are deemed to approximate fair value because they are related instruments of the notes payable.

ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Club considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents restricted as to their use are not included as equivalents, regardless of liquidity. Cash and cash equivalents held in money market funds intended for investment purposes are classified separately under *investments* and *interest in the net assets of the Endowment Trust*.

Cash restricted for long-term purposes is from donations and proceeds from the NMTC program related to BGCSF's Fulton Clubhouse facility.

ACCOUNTS RECEIVABLE

Accounts receivable represent uncollateralized obligations related to the Club's programs and are due under normal trade terms requiring payment upon receipt. Unpaid receivables do not accrue interest.

The Club uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of September 30, 2016, all accounts receivable were considered collectible.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS RECEIVABLE

Grants receivable represent uncollateralized obligations related to the Club's grant contracts. Grants receivable are due under the terms of the grant agreements.

The Club uses the allowance method to account for uncollectible grants receivable. The allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of September 30, 2016, all grants receivable were considered collectible.

PROMISES TO GIVE

Unconditional promises to give are recognized as public support or gains in the period such promises are made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any.

The Club uses the allowance method to account for uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

NOTES RECEIVABLE

Notes receivable are unsecured, due under contract terms requiring payment on or before the due date as stated in the promissory notes, and are stated at the principal amount. Interest on notes is recognized over the term of the note receivable and is calculated using the simple-interest method on principal amounts outstanding. Management considers the notes receivable to be fully collectible.

INVESTMENTS

Investments in marketable equity and debt securities are carried at fair value based upon quoted market prices. Realized and unrealized gains (losses) and investment income (losses) derived from investment transactions are included as income in the year earned.

The Club's Finance Committee is responsible for establishing investment criteria and overseeing the Club's investments.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTEREST IN THE NET ASSETS OF THE ENDOWMENT TRUST

The Club is, in part, supported by a separate nonprofit organization, the Boys & Girls Clubs of San Francisco Endowment Trust (the Endowment Trust). The Endowment Trust has a separate Board of Trustees and exists exclusively for the benefit of the Club. The Club accounts for its interest in the Endowment Trust in accordance with guidance for *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. Accordingly, the Endowment Trust's net assets and the changes therein are reported on the Club's consolidated financial statements. The Club reports the activities from the Endowment Trust using the equity method.

A significant portion of the Endowment Trust's underlying investments are in marketable securities which are carried at fair value based upon quoted market prices.

The Endowment Trust also invests in nonmarketable investments. Nonmarketable investments include investment securities whose values have been estimated by management in the absence of readily determinable fair values. Management estimates are based on information provided by the general partners of limited partnerships. Because of the inherent uncertainty of valuation of nonmarketable investments, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and these differences could be material.

BENEFICIAL INTEREST IN TRUSTS

The Club has irrevocable remainder beneficiary interest in two trusts, whose maturities are based on the life expectancy of the income beneficiaries. The Club is not the trustee; therefore, the beneficial interest in the trusts are recorded at the present value of the net assets expected to be received in the future. The present value discount rate used was 4.6% at September 30, 2016.

PROPERTY AND EQUIPMENT

The Club capitalizes acquisitions of property and equipment with a cost or value in excess of $5,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from three to fifty years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the consolidated statement of activities and changes in net assets.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEBT ISSUANCE COSTS

Debt issuance costs consist of an advisory fee, attorneys' fees, and other miscellaneous costs incurred in connection with the NMTC transactions. These costs are being amortized using the straight-line method over their estimated useful lives of seven years.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment losses were incurred during the year ended September 30, 2016.

SELF-INSURANCE

The Club has a self-insurance program for unemployment benefits and has contracted a third party administrator to provide administrative services. The Club has waived stop-loss coverage. Although management believes it has the ability to reasonably estimate losses related to claims, it is possible that actual results could differ from recorded self-insurance liabilities. As of September 30, 2016, the self-insurance liability was $20,000 and is included in *accounts payable and accrued expenses* in the consolidated statement of financial position.

ACCRUED VACATION

Full-time employees may accrue up to 20 to 25 days per year depending on the number of years employed and their position. Part-time employees may accrue vacation on a prorated basis. Employees may accrue a maximum of 150% of their annual vacation accrual and are entitled to payment of any unused time upon separation of service.

DEFERRED REVENUE

Deferred revenue results from the Club recognizing revenue for events in the period in which the event takes place. Accordingly, cash received before the event is reported as deferred revenue.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue is recognized in the period in which the service has been provided. Membership dues are recognized when received.

Contributions

The Club recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the consolidated statement of activities and changes in net assets. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions.

The Club is the beneficiary under various trust agreements or bequests, the total realizable amount of which is not presently determinable. Such amounts are recognized as beneficial interest in trusts or contributions where clear title is established and the proceeds are estimable.

Contributed Goods and Services

Donated marketable securities, materials, and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Club reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Club reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Club records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated. Certain volunteers provided tutoring and fundraising services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met. For the year ended September 30, 2015, the Club received 12,132 hours from volunteers.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Grants

The Club is a recipient of several local, state, and federal grants. Grants are reimbursed based on actual expenses incurred or units of services provided. Revenue from these grants is recognized either when expenses are incurred or when services are provided. Revenue recognition depends on the grant agreements. Grants may be restricted for either specific operating purposes or for capital purposes.

Investment Income

Investment income earned on net assets temporarily restricted for various purposes are recorded as temporarily restricted in accordance with donor restrictions.

ADVERTISING

The costs of advertising are charged to expense as incurred. Advertising expense for the year ended September 30, 2016, was $30,160, which is included in *advertising and promotion* in the consolidated statement of functional expenses.

INCOME TAXES

BGCSF, the Endowment Trust, Mission Clubhouse, Inc., and Fulton Clubhouse, Inc., are qualified organizations exempt from federal and state income taxes under §501(c)(3) of the IRC and §23701d of the California Revenue and Taxation Code, respectively.

Management evaluated the Club’s tax positions and concluded that they maintained their tax exempt status and had taken no uncertain tax positions that would require adjustment to the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

The 2012 through 2015 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2011 through 2015 tax years remain subject to examination by the California Franchise Tax Board. However, management is unaware of any pending examinations nor are there any in progress.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF RISK

Financial Instruments

Financial instruments which potentially subject the Club to concentrations of credit risk consist principally of cash and cash equivalents, various receivables, promises to give, and investments. The Club maintains its cash in various bank deposit accounts, which at times may exceed federally insured limits. At September 30, 2016, the Club exceeded Federal Deposit Insurance Corporation coverage by approximately $4,074,000. The Club has not experienced any losses in such accounts. The Club attempts to limit its credit risk associated with cash equivalents and investments by utilizing professional investment managers to place the Club's investments with financial institutions. Management believes that the Club is not exposed to any significant risk related to concentrations.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates made by management.

COMPARATIVE FINANCIAL INFORMATION

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Club's consolidated financial statements as of September 30, 2015 and for the year then ended, from which the summarized information was derived.

RECLASSIFICATIONS

Certain amounts in the summarized comparative totals for 2015 have been reclassified to conform to the 2016 presentation. These reclassifications have no effect on the previously reported consolidated net assets or consolidated change in net assets.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) issued new guidance, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* to provide sweeping new, globally applicable converged guidance concerning recognition and measurement of revenue. In addition, significant additional disclosures are required about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, and will replace virtually all existing revenue guidance, including most industry-specific guidance. The FASB also issued ASU 2015-14 which deferred the effective date of ASU 2014-09. The guidance is applicable for annual reporting periods beginning after December 15, 2018. Management has not evaluated the impact of this new guidance.

The FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs,* which amends the FASB Accounting Standards Codification (ASC) to require that debt issuance costs be presented in the consolidated statement of financial position as a direct deduction from the carrying amount of the related liability. Such treatment is consistent with the current presentation of debt discounts or premiums. Prior to amendment, debt issuance costs were reported in the consolidated statement of financial position as an asset (i.e. deferred charge), whereas debt discounts and premiums were, and remain, reported as deductions from or additions to the debt itself. In addition, the amendment requires that the amortization of debt issuance cost be reported as component of interest expense. Recognition and measurement guidance for debt issuance costs is not affected by amendments to the Codification. As permitted, the Club adopted ASU 2015-03 retrospectively to October 1, 2014 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Notes payable as of September 30, 2015, were previously reported on the consolidated statement of financial position at $41,705,000 with the associated $1,103,041 unamortized debt issuance costs included assets. Amortization of the debt issuance costs of $297,830 is reported as interest expense in the consolidated statements of activities and changes in net assets and functional expenses and was previously presented as amortization expense.

On August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, representing the completion of the first phase of a two-phase project to amend not-for-profit (NFP) financial reporting requirements as set out in the FASB ASC 958, *Not-for-Profit Entities*.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS (CONTINUED)

This standard changes the following:

- The distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions).
- Removes the current requirement to present or disclose the indirect method (reconciliation) when using the direct method of reporting cash flows. Requires NFPs to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses.
- Requires NFPs to use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset.

NFPs will reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption.

This amendment eliminates the current option that, in the absence of explicit donor stipulations, had allowed an NFP to delay reporting of an expiration of a donor imposed restriction for the acquisition or construction of a long-lived asset by electing to report the expiration over time (as the asset is used or consumed) rather than when placed in service.

ASU 2016-14 also requires enhanced disclosures about:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- Qualitative information that communicates how a NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position.
- Quantitative information and additional qualitative information in the notes as necessary, that communicates the availability of a NFP's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date.
- Amounts of expenses by both their natural classification and their functional classification and the methods used to allocate costs among program and support functions.
- Underwater endowment funds.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS (CONTINUED)

NFP entities are required to adopt this standard for annual reporting periods beginning after December 15, 2018. Management has not evaluated the impact of this new guidance.

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give at September 30, 2016, consist of the following:

	Due in Less Than 1 Year	Due in 1 to 5 Years	Total
Unrestricted	$ 376,104	$ --	$ 376,104
Temporarily restricted:			
Brighter Futures Capital Campaign	259,668	123,500	383,168
Allowance for doubtful promises to give	--	(19,822)	(19,822)
Discount to net present value	--	(3,575)	(3,575)
Total	$ 635,772	$ 100,103	$ 735,875

All long-term promises to give are stated at their present values. Management has discounted these promises to give using a rate of 1.45%. At September 30, 2016, three donors comprise 51% of total promises to give.

NOTE 3 - NOTES RECEIVABLE

On June 10, 2010, BGCSF entered into an agreement to lend Chase NMTC BGCSF Investment Fund, LLC, $8,229,277 as part of the Mission Clubhouse, Inc.'s NMTC transaction (see Note 6). The note calls for interest only payments at 1.00% per annum payable on December 10th of each year, a payment of principal and interest of $265,156 on December 10, 2017, annual payments of principal and interest of $479,077 commencing December 10, 2018 through December 10, 2039, and a final payment on June 9, 2040. Chase NMTC BGCSF Investment Fund, LLC, has the option to prepay in full or in part, the principal balance and all accrued interest of the note during the period from June 9, 2017 through August 9, 2017, for a fee of $1,000. Interest earned on this note during the year ended September 30, 2016, was $82,293. As of September 30, 2016, accrued interest receivable was $68,577 and is included in *accounts receivable* in the consolidated statement of financial position.

NOTE 3 - NOTES RECEIVABLE (CONTINUED)

On June 27, 2013, BGCSF entered into an agreement to lend BGCSF LCD/SFCIF Investment Fund, LLC, $17,983,625 as part of the BGCSF Fulton Clubhouse, Inc.'s NMTC transaction (see Note 6). The note calls for interest only payments at 1.40% per annum payable on December 15th of each year through December 15, 2019. From December 16, 2020 until maturity on June 26, 2043, annual payments are required in the amount of $758,692, plus available cash flow (a portion of which shall be applied to interest accrued through the last day of the calendar month prior to the calendar month in which the payment is made with respect to the outstanding principal amount for the loan). Interest earned on this note during the year ended September 30, 2016, was $251,624. As of September 30, 2016, accrued interest receivable was $188,719 and is included in *accounts receivable* in the consolidated statement of financial position.

In addition, on June 27, 2013, BGCSF entered into an agreement to lend BGCSF USBCDE Investment Fund, LLC, $3,392,500 as part of the BGCSF Fulton Clubhouse, Inc.'s NMTC transaction (see Note 6). The note calls for interest only payments at 1.47% per annum payable on December 15th of each year through December 15, 2019. From December 15, 2020, until maturity on June 26, 2043, annual payments are required in the amount of $144,602, plus available cash flow (a portion of which shall be applied to interest accrued through the last day of the calendar month prior to the calendar month in which the payment is made with respect to the outstanding principal amount for the loan). Interest earned on this note during the year ended September 30, 2016, was $50,000. As of September 30, 2016, accrued interest receivable was $37,496 and is included in *accounts receivable* in the consolidated statement of financial position.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Club's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that 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).

The levels of the fair value hierarchy are as follows:

Level 1
Inputs are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, spreads, 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 Club's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

There has been no change to the methodologies used during the year ended September 30, 2016.

The following is a description of the valuation methodologies used for assets measured at fair value.

Domestic Fixed Income Funds and Equity Securities
Equity securities and fixed income funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Private Equity
The Endowment Trust's private equity investments do not have readily determinable fair values, and therefore as a practical expedient, their fair values are estimated based on using their net asset value per share or its equivalent, such as ownership interest in partners' capital to which a proportionate share of net assets is attributed. As such, these investments are not required to be classified in the fair value hierarchy.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Trusts

Inputs used for valuation of the trusts with third party trustees include financial statements provided by the trustees, the life expectancy of the income beneficiaries, and applicable discount rates determined by the Club. The fair value of the beneficial interests is reviewed and updated annually by adjusting the current life expectancies of the income beneficiaries, applicable discount rates, and market value of the trusts. The beneficial interests are classified within Level 3 of the fair value hierarchy.

The Club's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstance that caused the transfer.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following table provides information as of September 30, 2016, about the Club's assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Investments				
Domestic fixed income funds	$ 988,451	$ --	$ --	$ 988,451
Equity securities:				
Domestic	1,255,901	--	--	1,255,901
International	744,456	--	--	744,456
Total Investments	$ 2,988,808	$ --	$ --	$ 2,988,808
Interest in the Net Assets of the Endowment Trust				
Cash	$ 2,535,839	$ --	$ --	$ 2,535,839
Equity securities:				
Domestic	11,271,710	--	--	11,271,710
International	10,093,127	--	--	10,093,127
Domestic fixed income funds	9,388,263	--	--	9,388,263
Investments at fair value	$ 33,288,939	$ --	$ --	33,288,939
Investments measured at net asset value				2,590,918
Land at historical cost				650,919
Total Interest in the Net Assets of the Endowment Trust				$ 36,530,776
Beneficial Interest in Trusts	$ --	$ --	$ 776,866	$ 776,866

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS (CONTINUED)

The following analysis summarizes the investment return for the year ended September 30, 2016:

	Net investment income	Net realized and unrealized investment gains (losses)	Total
Interest from notes receivable	$ 383,917	$ --	$ 383,917
Equity securities:			
Domestic	57,968	86,458	144,426
International	34,740	14,091	48,831
Fixed income funds:			
Domestic	35,213	4,661	39,874
International	2,501	(2,970)	(469)
Total	$ 514,339	$ 102,240	$ 616,579

The activity for interest in the net assets of the Endowment Trust for the year ended September 30, 2016, is as follows:

Balance - Beginning	$ 32,627,716
Change in net assets	3,133,936
BGCSF's Board designated investment in the Endowment Trust	2,661,919
Distributions to the Club	(1,892,795)
Balance - Ending	$ 36,530,776

The Endowment Trust's net assets are allocated based on donor-imposed restrictions. All of the land is unrestricted and the balance of the investments are allocated 53.43% unrestricted and 46.57% permanently restricted. The corresponding investment income is allocated in the same percentages.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

LEVEL 3 ACTIVITY

The following table summarizes the changes in the beneficial interest in trusts classified in Level 3 for the year ended September 30, 2016.

Balance - Beginning	$	118,356
Contributions		668,331
Net unrealized losses		(9,821)
Balance - Ending	$	776,866

UNFUNDED COMMITMENTS AND REDEMPTION CHARACTERISTICS

The following table summarizes additional disclosures of investments whose fair value is estimated using net asset value per share at September 30, 2016:

	Total Fair Value	Unfunded Commitments	Unfunded Commitments to be Called by September 30,	Redemption Frequency	Redemption Notice Period
Private Equity					
HMI Capital Partners, L.P	$ 2,168,424	$ --	N/A	Annually	90 days
Venture Investments Associates IV, L.P.	276,050	19,000	2017	*	*
DCM Affiliates Fund V, L.P.	142,177	--	N/A	*	*
Doll Technology Investment Fund II, L.P.	4,267	--	N/A	*	*
Total Private Equity	$ 2,590,918	$ 19,000			

*Redemption is not permitted. Distributions are made to investors through the liquidation of the underlying assets.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

UNFUNDED COMMITMENTS AND REDEMPTION CHARACTERISTICS (CONTINUED)

HMI Capital Partners, L.P. makes venture capital investments, principally by investing in publicly traded securities.

Venture Investments Associates IV, L.P. makes venture capital investments, principally by investing in venture capital, growth equity, and buyout funds.

DCM Affiliates Fund V, L.P. makes venture capital investments, principally by investing in equity or equity-oriented securities of privately held communications and information technology companies.

Doll Technology Investment Fund II, L.P. makes venture capital investments, principally by investing in equity or equity-oriented securities of privately held communications and information technology companies.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2016, consist of the following:

Buildings and improvements	$ 40,057,908
Land	2,682,780
Furnishings and equipment	1,175,976
Vehicles	505,194
Computer hardware	33,761
	44,455,619
Less: accumulated depreciation	(9,199,979)
Total	$ 35,255,640

For the year ended September 30, 2016, depreciation expense was $1,303,462.

NOTE 6 - NEW MARKETS TAX CREDIT

The NMTC provides investors that make a qualified equity investment (QEI) in a Community Development Entity (CDE), a tax credit over a seven-year period. For an investor to claim the credit, the CDE must designate the QEI to the Community Development Financial Institutions Fund (CDFI), a branch of the U.S. Department of the Treasury, and use substantially all the QEI to make a qualified low-income community investment (QLICI).

MISSION CLUBHOUSE, INC.

On June 10, 2010, BGCSF secured financing related to the construction of the Mission Clubhouse building, a QLICI, by entering into transactions (see Notes 3 and 7) structured to qualify for the NMTC. The transaction was intended to realize benefits from the NMTC Program.

The transaction included Mission Clubhouse, Inc. borrowing $11,040,000 (QLICI Loans) to facilitate the purchase of the Mission Clubhouse building from BGCSF and the subsequent lease of the building to BGCSF to provide services to the local community and to pay fees and expenses related to the consummation of the NMTC transaction during the year ended September 30, 2010.

JPMorgan Chase Bank, NA (Chase), United Fund Advisors (UFA), and Opportunity Fund Northern California, certified as a CDE by the CDFI, formulated the required structuring and financing that qualified for the NMTC.

Chase and UFA made equity investments of $3,273,723 and $327, respectively, in Chase NMTC BGCSF Investment Fund, LLC (the Fund). Chase is a 99.99% non-managing member of the Fund and UFA is the 0.01% managing member of the Fund. BGCSF also made a loan to the Fund of $8,229,277 (the Leverage Loan), which was provided by Chase to BGCSF as a two-day bridge loan.

The Fund made a QEI of $11,500,000 in LCD New Markets Fund VIII, LLC, a subsidiary Community Development Entity (Sub-CDE), a controlled affiliate of the CDE, pursuant to the terms of an operating agreement as agreed between CDE and Chase, after paying Chase a $3,000 set-up fee. The CDE made an equity investment in the Sub-CDE of $1,150. The Fund is a 99.99% investor member in the Sub-CDE and the CDE is the 0.01% managing member of the Sub-CDE.

The Sub-CDE made two loans (Note 7) to Mission Clubhouse, Inc. of $8,229,277 and $2,810,723, totaling $11,040,000, and paid fees of $460,000 to the CDE. In addition, BGCSF made an equity investment of $463,713 in Mission Clubhouse, Inc.

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

MISSION CLUBHOUSE, INC. (CONTINUED)

Mission Clubhouse, Inc. paid BGCSF $8,274,586 for the Clubhouse property and construction in progress of which $8,249,850 was used to repay BGCSF's Leverage Loan and related fees of $20,573 in full to Chase. Mission Clubhouse, Inc. also paid $728,213 to the title company for related fees and $305,356 was transferred to a restricted fee/interest account for payment of interest for the first seven years of the loans.

FULTON CLUBHOUSE, INC.

On June 24, 2013, BGCSF secured financing related to the construction of the new Fulton Clubhouse building, a QLICI, by also entering into transactions (see Notes 3 and 7) structured to qualify for the NMTC. The transaction was intended to realize benefits from the NMTC Program.

The transaction included Fulton Clubhouse, Inc. borrowing $30,665,000 (QLICI Loans) to purchase the land and facilitate construction of the Fulton Clubhouse building from BGCSF and the subsequent lease of the building to BGCSF to provide services to the local community and to pay fees and expenses related to the consummation of the NMTC transactions during the year ended September 30, 2013.

U.S. Bancorp Community Development Corporation (USB), BGCSF, and the following entities certified as CDE's by the CDFI, USBCDE, LLC, Opportunity Fund Northern California, San Francisco Community Investment Fund, and LCD New Markets Fund, LLC, formulated the required structuring and financing that qualified for the NMTC. USB formed the BGCSF LCD/SFCIF Investment Fund, LLC, and BGCSF USBCDE Investment Fund, LLC. USB is the sole member of BGCSF USBCDE Investment Fund, LLC, and BGCSF LCD/SCFIF Investment Fund, LLC.

USB made equity investments of $8,526,375 to BGCSF LCD/SFCIF Investment Fund, LLC. BGCSF also made a leverage loan to the Fund of $17,983,625 (see Note 3) and paid fees of $10,000.

BGCSF LCD/SFCIF Investment Fund, LLC made a QEI of $11,500,000 in LCD New Markets Fund XIV, LLC, a controlled affiliate of LCD New Markets Fund, LLC. LCD New Markets Fund, LLC made an equity investment of $1,150. BGCSF LCD/SFCIF Investment Fund, LLC is a 99.99% non-managing member of LCD New Markets Fund XIV, LLC and LCD New Markets Fund, LLC is the 0.01% managing member of the fund. BGCSF LCD/SFCIF Investment Fund, LLC made two loans to Fulton Clubhouse, Inc. of $7,804,215 and $3,235,785, totaling $11,040,000 (see Note 8) and paid fees of $460,000 to LCD New Markets Fund, LLC.

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

FULTON CLUBHOUSE, INC. (CONTINUED)

BGCSF LCD/SFCIF Investment Fund, LLC made a QEI of $15,000,000 in SFCIF SUB CDE 3 LLC, a controlled affiliate of San Francisco Community Investment Fund. San Francisco Community Investment Fund made an equity investment of $1,500. BGCSF LCD/SFCIF Investment Fund, LLC is a 99.99% non-managing member of SFCIF SUB CDE 3 LLC and San Francisco Community Investment Fund is the 0.01% managing member of the fund. BGCSF LCD/SFCIF Investment Fund, LLC made two loans to Fulton Clubhouse, Inc. of $10,179,410 and $4,445,590, totaling $14,625,000 (see Note 8) and paid fees of $375,000 to San Francisco Community Investment Fund.

USB made equity investments of $1,657,500 to BGCSF USBCDE Investment Fund, LLC. BGCSF also made a leverage loan to the Fund of $3,392,500 (see Note 3) and paid fees of $50,000.

BGCSF USBCDE Investment Fund, LLC made a QEI of $5,000,000 in USBCDE Sub CDE 79, LLC, a controlled affiliate of USBCDE, LLC. USBCDE, LLC made an equity investment of $500. BGCSF USBCDE Investment Fund, LLC is a 99.99% non-managing member of USBCDE Sub CDE 79, LLC and USBCDE, LLC is the 0.01% managing member of the fund. BGCSF LCD/SFCIF Investment Fund, LLC made two loans to Fulton Clubhouse, Inc. of $3,392,500 and $1,607,500, totaling $5,000,000 (see Note 8).

BGCSF's leverage loans related to the clubhouse total $21,376,125. In addition, BGCSF made an equity investment of $472,179 in Fulton Clubhouse, Inc.

PUT AND CALL AGREEMENTS

During the year ended September 30, 2010, BGCSF and Chase entered into a put/call agreement as part of the financing of Mission Clubhouse, Inc.'s long-term debt pursuant to the NMTC transaction.

The following are highlights of the Mission Clubhouse, Inc. agreement:

Put Option Agreement

The agreement between BGCSF (purchaser) and Chase (seller) permits the purchaser to grant to the seller a put option to sell to the purchaser for $1,000 its 99.99% interest in the Fund, which has a 99.99% interest in LCD New Markets Fund VIII, LLC, that provided loans of $8,229,277 and $2,810,723 to Mission Clubhouse, Inc. The put option may be exercised by the seller at any time from the last day of the tax credit investment period, June 9, 2017, for a period of ninety days (the put option period).

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

PUT AND CALL AGREEMENTS (CONTINUED)

Call Option Agreement
Should the seller not exercise the put option within the put option period, then the purchaser shall have the right and option at any time within ninety days after the put option period has lapsed, to purchase from the seller, its 99.99% interest in the Fund, for an amount equal to the fair market value of the interest. The fair market value would be determined by an independent appraiser, selected in accordance with the agreement.

During the year ended September 30, 2013, BGCSF and U.S. Bancorp Community Development entered into two put/call agreements as part of the financing of Fulton Clubhouse, Inc.'s long-term debt pursuant to the NMTC transaction.

The following are highlights of the Fulton Clubhouse, Inc. agreement:

Put Option Agreement
The agreement between BGCSF (purchaser) and U.S. Bancorp Community Development Corporation (seller) permits the purchaser to grant to the seller a put option to sell to the purchaser for $1,000 its 100% interest in the BGCSF LCD/SFCIF Investment Fund, which has a 99.99% interest in SFCIF SUB CDE 3, LLC and LCD New Markets Fund XIV, LLC, that provided loans of $10,179,410, $4,445,590 and $3,235,785, respectively, to Fulton Clubhouse, Inc. The put option may be exercised by the seller at any time during the period beginning on the Put Availability Event and ending one hundred eighty days following receipt of notice.

The agreement between BGCSF (purchaser) and U.S. Bancorp Community Development Corporation (seller) permits the purchaser to grant to the seller a put option to sell to the purchaser for $1,000 its 100% interest in the USBCDE Investment Fund, which has a 99.99% interest in USBCDE Sub-CDE 79, LLC that provided loans of $3,392,500 and $1,607,500 to Fulton Clubhouse, Inc. The put option may be exercised by the seller at any time during the period beginning on the Put Availability Event and ending one hundred eighty days following receipt of notice.

Call Option Agreement
Should the seller not exercise the put option within the put option period, then the purchaser shall have the right and option at any time within ninety days after the put option period has lapsed, to purchase from the seller its 99.99% interest in the Investment Funds, for an amount equal to the fair market value of the interest. The fair market value would be determined by an independent appraiser, selected in accordance with the agreement.

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

PUT AND CALL AGREEMENTS (CONTINUED)

Call Option Agreement (Continued)

The objective of the exercise of the put/call options would result in BGCSF owning all of the assets (i.e., the QEI in the Sub-CDE and its related QLICI Loans to Mission Clubhouse, Inc. and Fulton Clubhouse, Inc.) and liabilities (i.e., the Leveraged Loan of the Investment Funds). If the put/call option is exercised by either party, BGCSF would control the Funds and could repay, restructure, and forgive the Leveraged Loans and QLICI Loans as it deems appropriate.

NOTE 7 - NOTES PAYABLE

MISSION CLUBHOUSE, INC.

On June 10, 2010, Mission Clubhouse, Inc. entered into two agreements to borrow $8,229,277 and $2,810,723, totaling $11,040,000, from LCD New Markets Fund VIII, LLC, as part of the NMTC transaction (see Note 6) for the purchase of the Mission Clubhouse property from BGCSF. The property secures the notes payable. The notes call for interest only payments at 1.6881% per annum payable on December 1st of each year, with annual principal payments commencing December 1, 2017, with a final payment on June 9, 2040. Mission Clubhouse, Inc. is required to establish a separate reserve account to fund the first seven annual interest payments.

Mission Clubhouse, Inc. has the option to prepay in full or in part, the principal balance and all accrued interest of the note any time after June 9, 2017, with ten business days of notice. Interest expense for the year ended September 30, 2016, was $283,247, which includes $96,884 of amortization of debt issuance costs. As of September 30, 2016, total accrued interest payable was $139,783.

FULTON CLUBHOUSE, INC.

On June 27, 2013, Fulton Clubhouse, Inc. entered into six agreements to borrow a total of $30,665,000 as part of the NMTC transaction (see Note 6) for the purchase of the Fulton Clubhouse property from BGCSF.

Fulton Clubhouse, Inc. entered into two agreements with USBCDE Sub-CDE 79, LLC to borrow $3,392,500 and $1,607,500.

Fulton Clubhouse, Inc. entered into two agreements with SFCIF SUB CDE 3, LLC to borrow $10,179,410 and $4,445,590.

NOTE 7 - NOTES PAYABLE (CONTINUED)

FULTON CLUBHOUSE, INC. (CONTINUED)

Fulton Clubhouse, Inc. entered into two agreements with LCD New Markets Fund XIV, LLC to borrow $7,804,215 and $3,235,785.

The notes call for interest only payments at 1.00% per annum payable on December 15th of each year, with final payments on June 26, 2043. The property secures the notes payable. Fulton Clubhouse, Inc. has the option to prepay in full or in part, the principal balance and all accrued interest of the note any time after December 15, 2020, with ten business days' notice. Interest expense for the year ended September 30, 2016, was $507,595, which includes $200,945 of amortization of debt issuance costs. As of September 30, 2016, total accrued interest payable was $229,988.

In accordance with the notes payable, the Club must comply with various financial and nonfinancial covenants. As of September 30, 2016, the Club was in compliance with financial covenants.

The following is a schedule of the maturities of the notes payable for the years ending September 30:

	Mission Clubhouse, Inc.	Fulton Clubhouse, Inc.	Total
2017	$ --	$ --	$ --
2018	196,835	--	196,835
2019	440,866	--	440,866
2020	450,912	--	450,912
2021	458,569	305,042	763,611
Thereafter	9,492,818	30,359,958	39,852,776
Notes Payable	11,040,000	30,665,000	41,705,000
Debt issuance costs	678,187	1,406,612	2,084,799
Accumulated amortization	(626,515)	(653,070)	(1,279,585)
Debt Issuance Costs, Net	51,672	753,542	805,214
Total	$ 10,988,328	$ 29,911,458	$ 40,899,786

NOTE 8 – LINE OF CREDIT

The Club renewed its existing revolving line of credit from First Republic Bank on July 7, 2016, which expires on May 2, 2018, for a maximum borrowing amount of $2,000,000. Interest is the greater of the one month London Interbank Offered Rate (LIBOR) as published in the Wall Street Journal plus 2.25% or 2.50%. At September 30, 2016, the interest rate was 2.78%. The line of credit is secured by the Club's equipment, inventory, and accounts receivable. During the year ended September 30, 2016, there were no draws on the line of credit.

NOTE 9 - UNRESTRICTED NET ASSETS

Unrestricted net assets at September 30, 2016, are as follows:

Net investment in property and equipment	$ 24,151,537
Amounts designated by the Board of Governors for long-term investment, included in the Endowment Trust	19,059,118
Undesignated	6,369,525
Total	$ 49,580,180

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2016, are available for the following purposes:

Brighter Futures Capital Campaign	$ 156,302
Brighter Futures Capital Campaign - inherent time restrictions	359,771
Scholarship and Fine Arts Fund	787,152
Beneficial interest in trusts - inherent time restrictions	776,866
Camp Mendocino	263,886
Youth of the Year	50,000
Purple Kumquat	11,987
Total	$ 2,405,964

NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets include gifts with respect to which donors have stipulated, as a condition in the gift instrument, that the principal is to be held indefinitely. A portion of the Endowment Trust, in the amount of $17,471,658, is permanently restricted.

NOTE 12 - ENDOWMENT

The Club's endowment consists of one individual fund, the Endowment Trust, established exclusively to benefit the Club to provide for a portion of the Club's operating requirements each year, as well as a source of capital for improvements to the existing facility, implementation of new programs and for the acquisition of additional facilities. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Governors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Governors has interpreted California's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Club classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Generally, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Club in a manner consistent with the standard of prudence prescribed by UPMIFA. Because the Endowment Trust's instrument dictates the allocation of income, certain unappropriated investment income becomes permanently restricted and unrestricted based upon prescribed percentage allocations.

In accordance with UPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Club and the donor-restricted endowment fund
(3) General economic conditions

NOTE 12 – ENDOWMENT (CONTINUED)

(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Club
(7) The investment policies of the Club.

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF SEPTEMBER 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest in the net assets of the Endowment Trust	$ 19,059,118	$ --	$ 17,471,658	$ 36,530,776

CHANGES IN ENDOWMENT NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Trust Net Assets - Beginning	$ 15,741,342	$ --	$ 16,886,374	$ 32,627,716
Investment return:				
Investment income	685,275	--	537,101	1,222,376
Net realized and unrealized gains	981,924	--	929,636	1,911,560
Total Investment Return	1,667,199	--	1,466,737	3,133,936
Other changes:				
Transfers in	2,661,919	--	--	2,661,919
Transfers out	(1,011,342)	--	--	(1,011,342)
Appropriation of endowment assets for expenditure	--	--	(881,453)	(881,453)
Total other changes	1,650,577	--	(881,453)	769,124
Net change	3,317,776	--	585,284	3,903,060
Endowment Trust Net Assets - Ending	$ 19,059,118	$ --	$ 17,471,658	$ 36,530,776

NOTE 12 - ENDOWMENT (CONTINUED)

DESCRIPTION OF AMOUNTS CLASSIFIED AS PERMANENTLY RESTRICTED NET ASSETS

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 17,471,658

RETURN OBJECTIVES AND RISK PARAMETERS

Endowment assets include those assets of donor-restricted funds that the Endowment Trust must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Governors, the endowment assets are invested with the objectives of safety of corpus, growth, and return and may be invested in any number of authorized investment tools that meet these objectives. The investment goal of these funds is to generate sufficient total return on assets to permit distribution of approximately 6% annually. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Endowment Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment Trust targets a diversified asset allocation that places a greater emphasis on fixed income and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 13 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended September 30, 2016 as follows:

Brighter Futures Capital Campaign	$ 2,401,796
Endowment Trust	881,453
Scholarship and Fine Arts Fund	108,101
Regranting	53,751
Camp Mendocino	36,554
Other	10,057
Total	$ 3,491,712

NOTE 14 – SPECIAL EVENTS

To supplement its fundraising activities, the Club held five major program/fundraising events during the year ended September 30, 2016. Activity for the year ended September 30, 2016, is as follows:

Gross revenue, of which $80,000 is restricted for 2017 Youth of the Year	$ 3,293,807
Less direct costs	(554,563)
Special Events Revenue, Net	$ 2,739,244

NOTE 15 - RETIREMENT PLANS

The Club has elected to participate in the Pension Trust of Boys & Girls Clubs of America (the Plan), a defined contribution retirement plan for eligible employees. Eligible employees are employees who are 21 years of age or older and as of January 1st or July 1st, have worked more than 1,000 hours per year for two consecutive years. The Club contributes 7% of each eligible employee's annual compensation to a fully funded, immediately vested retirement annuity contract. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Club also established the Boys & Girls Clubs of San Francisco 403(b) Tax Deferred Annuity Plan (the 403(b) Plan) for the benefit of the employees of the Club that only permits employee salary reduction contributions. This plan operates under §403(b) of the IRC and is also subject to the provisions of ERISA. The 403(b) Plan covers all eligible employees upon being hired. Employee salary deferral contributions are voluntary and are made through payroll withholdings.

During the year ended September 30, 2016, the Plan and the 403(b) Plan were consolidated into a new, single, contributory plan. Total contributions made to the plans by the Club were $265,361 for the year ended September 30, 2016.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

LITIGATION

The Club is involved in two lawsuits arising out of the normal course of operations. The Club's management believes it has adequate defenses and insurance coverage for these actions and, thus, has made no provision in the financial statements for any costs relating to the settlement of such claims. These matters have been referred to the Club's attorneys and/or insurance carriers. In management's opinion, a material unfavorable outcome is remote.

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

LEASE AGREEMENTS

The site of the Willie Mays Clubhouse at Hunters Point was leased from the City of San Francisco for a term of five years commencing upon completion of construction of the Clubhouse. The initial term of the lease ended in September 2010. The lease provides automatic extensions for four additional five-year terms and calls for an annual rent of $1. The present value of the future years' benefit is not included in the financial statements because management is unable to estimate the fair market value of rent.

The Club is also obligated under non-cancelable operating leases, primarily for office equipment that expire at various dates through 2020. The terms of the leases require monthly base payments, which range from $138 to $1,826.

Rent expense for the year ended September 30, 2016, was $76,750.

The following is a schedule of minimum lease commitments (the schedule does not include the annual rent balances due from BGCSF to Mission Clubhouse, Inc. and Fulton Clubhouse, Inc. These leases expire on July 1, 2035 and 2043, respectively) for the years ending September 30:

2017	$ 57,595
2018	45,676
2019	28,823
2020	19,031
2021	1
Thereafter	9
Total	$ 151,135

CONTINGENCIES

The Club receives funding under annual grants and contracts from federal, state, and local agencies. If a significant reduction in the level of funding provided by these governmental agencies were to occur, it may have an effect on the Club's programs and activities. The Club's revenue, which is derived from restricted funding provided by government grants and contracts, is subject to audit by the governmental agencies. Should such an audit disclose unallowed costs, the Club may be liable to the funding agency for reimbursement of such costs. In management's opinion, the effect of any potential unallowed costs would be immaterial to the consolidated financial statements as of September 30, 2016, and for the year then ended.

NOTE 17 - RELATED PARTY TRANSACTIONS

Members of the Club's Board of Governors and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the Club. The Club requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the Club. These annual disclosures cover the Board of Governors, senior management, and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the Club. The Club has a written conflict of interest policy that requires, among other things, that no member of the Board of Governors may participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Board of Governor member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the Club does business with an entity in which a Board of Governor member has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the Club, and in accordance with applicable conflict of interest laws. No such associations are considered to be significant during the year ended September 30, 2016.

NOTE 18 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest for the year ended September 30, 2016, was $493,012.

During the year ended September 30, 2016, construction in progress in the amount of $19,424 was transferred to property and equipment.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent to September 30, 2016, the Club was notified it is a beneficiary of a revocable charitable remainder trust. The trust terminated on December 2016, and management estimates the Club will receive approximately $500,000.

The Club has evaluated all subsequent events through February 24, 2017, the date the consolidated financial statements were available to be issued, and except for the matter disclosed above, no subsequent events requiring disclosure were identified.

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2016

	Boys & Girls Clubs of San Francisco	BGCSF Mission Clubhouse, Inc.	BGCSF Fulton Clubhouse, Inc.	Elimination Increase (Decrease)	Consolidated Total
Assets					
Cash and cash equivalents	$ 3,645,626	$ 10,437	$ 47,324	$ --	$ 3,703,387
Accounts receivable	491,014	190,000	317,881	(417,881)	581,014
Grants receivable	449,031	--	--	--	449,031
Promises to give, net	735,875	--	--	--	735,875
Prepaid expenses	275,743	--	--	--	275,743
Notes receivable	29,605,402	--	--	--	29,605,402
Investments	3,999,700	--	--	(1,010,892)	2,988,808
Interest in the net assets of the Endowment Trust	36,530,776	--	--	--	36,530,776
Beneficial interest in trusts	776,866	--	--	--	776,866
Cash restricted for interest	--	--	30,225	--	30,225
Cash restricted for long-term purposes	378,442	48,770	749,994	--	1,177,206
Property and equipment, net	7,830,152	8,137,493	23,928,045	(4,640,050)	35,255,640
Construction in progress	108,743	--	--	--	108,743
Inter-entity receivable (payable)	(300,321)	262,091	38,230	--	--
Total Assets	$ 84,527,049	$ 8,648,791	$ 25,111,699	$ (6,068,823)	$ 112,218,716

See independent auditors' report.

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2016

	Boys & Girls Clubs of San Francisco	BGCSF Mission Clubhouse, Inc.	BGCSF Fulton Clubhouse, Inc.	Elimination Increase (Decrease)	Consolidated Total
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	$ 1,273,154	$ 139,783	$ 229,988	$ (417,881)	$ 1,225,044
Accrued salaries and benefits	597,984	--	--	--	597,984
Deferred revenue	38,100	--	--	--	38,100
Notes payable	--	10,988,328	29,911,458	--	40,899,786
Total Liabilities	1,909,238	11,128,111	30,141,446	(417,881)	42,760,914
Net Assets (Deficit)					
Unrestricted	62,740,189	(2,479,320)	(5,029,747)	(5,650,942)	49,580,180
Temporarily restricted	2,405,964	--	--	--	2,405,964
Permanently restricted	17,471,658	--	--	--	17,471,658
Total Net Assets (Deficit)	82,617,811	(2,479,320)	(5,029,747)	(5,650,942)	69,457,802
Total Liabilities and Net Assets	$ 84,527,049	$ 8,648,791	$ 25,111,699	$ (6,068,823)	$ 112,218,716

See independent auditors' report.

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Boys & Girls Clubs of San Francisco							
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	BGCSF Mission Clubhouse, Inc.	BGCSF Fulton Clubhouse, Inc.	Elimination Increase (Decrease)	Consolidated Total
Public Support and Revenue								
Public Support								
Contributions:								
Individuals	$ 1,086,566	$ 1,467,440	$ --	$ 2,554,006	$ --	$ --	$ --	$ 2,554,006
Government	2,288,077	--	--	2,288,077	--	--	--	2,288,077
Foundations and trusts	1,501,498	63,500	--	1,564,998	--	--	--	1,564,998
Bequests	5,433	668,331	--	673,764	--	--	--	673,764
Corporate	307,731	145,000	--	452,731	--	--	--	452,731
Federal awards	312,567	--	--	312,567	--	--	--	312,567
Change in the interest in the net assets of the Endowment Trust	1,667,199	--	1,466,737	3,133,936	--	--	--	3,133,936
Special events, net	2,659,244	80,000	--	2,739,244	--	--	--	2,739,244
In-kind contributions	273,308	--	--	273,308	--	--	--	273,308
Change in beneficial interest in trusts	--	(9,821)	--	(9,821)	--	--	--	(9,821)
Net assets released from restrictions	3,491,712	(2,610,259)	(881,453)	--	--	--	--	--
Total Public Support	13,593,335	(195,809)	585,284	13,982,810	--	--	--	13,982,810
Revenue								
Other investment income	1,110,418	--	--	1,110,418	--	--	--	1,110,418
Net investment income	530,846	33,257	--	564,103	97	337	(50,198)	514,339
Rental income	315,657	--	--	315,657	190,000	304,697	(494,697)	315,657
Camp fees	216,713	4,625	--	221,338	--	--	--	221,338
Net realized and unrealized investment gains	75,977	26,263	--	102,240	--	--	--	102,240
Membership dues	92,615	--	--	92,615	--	--	--	92,615
Net program incidental revenue	82,575	--	--	82,575	--	--	--	82,575
Miscellaneous income	26,552	--	--	26,552	6,343	5,700	--	38,595
NMTC developer fee income	659,079	--	--	659,079	--	--	(659,079)	--
Total Revenue	3,110,432	64,145	--	3,174,577	196,440	310,734	(1,203,974)	2,477,777
Total Public Support and Revenue	16,703,767	(131,664)	585,284	17,157,387	196,440	310,734	(1,203,974)	16,460,587

See independent auditors' report.

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Boys & Girls Clubs of San Francisco							
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	BGCSF Mission Clubhouse, Inc.	BGCSF Fulton Clubhouse, Inc.	Elimination Increase (Decrease)	Consolidated Total
Expenses								
Program services	$ 9,536,893	$ --	$ --	$ 9,536,893	$ 524,323	$ 1,266,013	$ (544,895)	$ 10,782,334
Supporting Services								
Management and general	1,557,917	--	--	1,557,917	--	659,079	(659,079)	1,557,917
Fundraising	1,168,171	--	--	1,168,171	--	--	--	1,168,171
Total Supporting Services	2,726,088	--	--	2,726,088	--	659,079	(659,079)	2,726,088
Total Expenses	12,262,981	--	--	12,262,981	524,323	1,925,092	(1,203,974)	13,508,422
Bad Debt Losses	8,545	--	--	8,545	--	--	--	8,545
Change in Net Assets	4,432,241	(131,664)	585,284	4,885,861	(327,883)	(1,614,358)	--	2,943,620
Net Assets (Deficit) - Beginning	58,307,948	2,537,628	16,886,374	77,731,950	(2,615,150)	(3,962,568)	(4,640,050)	66,514,182
Investment in BGCSF Mission Clubhouse, Inc.	--	--	--	--	463,713	--	(463,713)	--
Investment in BGCSF Fulton Clubhouse, Inc.	--	--	--	--	--	547,179	(547,179)	--
Net Assets (Deficit) - Ending	$ 62,740,189	$ 2,405,964	$ 17,471,658	$ 82,617,811	$ (2,479,320)	$ (5,029,747)	$ (5,650,942)	$ 69,457,802

See independent auditors' report.