

**Boys and Girls Republic, Inc.**

Financial Statements

June 30, 2018



## Independent Auditors' Report

**Board of Directors  
Boys and Girls Republic, Inc.**

We have audited the accompanying financial statements of Boys and Girls Republic, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year 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.

### ***Auditors' Responsibility***

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

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Republic, Inc. as of June 30, 2018, 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 Summarized Comparative Information***

We have previously audited Boys and Girls Republic, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated February 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

January 25, 2019

## Boys and Girls Republic, Inc.

Statement of Financial Position  
June 30, 2018  
(with comparative amounts at June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 331,715	\$ 332,260
Investments (Note 3)	2,128,957	2,085,098
Due from contracting agencies	359,896	491,063
Contribution receivable	-	20,000
Prepaid expenses	1,981	14,875
Fixed assets, net (Note 4)	<u>168,310</u>	<u>185,998</u>
	<u>\$ 2,990,859</u>	<u>\$ 3,129,294</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 11,315	\$ 6,469
Refundable advances	-	5,733
Due to Henry Street Settlement	<u>404,206</u>	<u>421,182</u>
Total Liabilities	<u>415,521</u>	<u>433,384</u>
Net Assets		
Unrestricted	92,662	192,043
Temporarily restricted (Note 6)	670,960	692,151
Permanently restricted (Note 7)	<u>1,811,716</u>	<u>1,811,716</u>
Total Net Assets	<u>2,575,338</u>	<u>2,695,910</u>
	<u>\$ 2,990,859</u>	<u>\$ 3,129,294</u>

See notes to financial statements

**Boys and Girls Republic, Inc.**

Statement of Activities  
 Year Ended June 30, 2018  
 (with summarized totals for the year ended June 30, 2017)

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total	
	Operating Fund	Plant Fund	Total			2018	2017
<b>REVENUE, GAINS AND OTHER SUPPORT</b>							
Contributions	\$ 69,818	\$ -	\$ 69,818	\$ 80,000	\$ -	\$ 149,818	\$ 181,106
Grants and fees from contracting agencies	1,170,253	-	1,170,253	-	-	1,170,253	1,115,820
Grant from Henry Street Settlement	50,000	-	50,000	-	-	50,000	50,000
Program service fees	1,300	-	1,300	-	-	1,300	-
Realized gain on investments	-	-	-	235,761	-	235,761	52,661
Unrealized (loss) gain on investments	-	-	-	(184,047)	-	(184,047)	114,528
Interest and dividends	63	-	63	54,095	-	54,158	54,727
Donated occupancy (Note 8)	312,000	-	312,000	-	-	312,000	312,000
Rental revenue	5,600	-	5,600	-	-	5,600	9,445
Net assets released from restrictions (Note 6)	207,000	-	207,000	(207,000)	-	-	-
<b>Total Revenue, Gains and Other Support</b>	<b>1,816,034</b>	<b>-</b>	<b>1,816,034</b>	<b>(21,191)</b>	<b>-</b>	<b>1,794,843</b>	<b>1,890,287</b>
<b>EXPENSES</b>							
Program services - Youth Programs	1,710,409	21,848	1,732,257	-	-	1,732,257	1,710,464
Management and general	182,196	962	183,158	-	-	183,158	177,274
<b>Total Expenses</b>	<b>1,892,605</b>	<b>22,810</b>	<b>1,915,415</b>	<b>-</b>	<b>-</b>	<b>1,915,415</b>	<b>1,887,738</b>
<b>Change in Net Assets Before Other Changes</b>	<b>(76,571)</b>	<b>(22,810)</b>	<b>(99,381)</b>	<b>(21,191)</b>	<b>-</b>	<b>(120,572)</b>	<b>2,549</b>
<b>OTHER CHANGES</b>							
Transfer to plant fund	(5,122)	5,122	-	-	-	-	-
<b>Change in Net Assets</b>	<b>(81,693)</b>	<b>(17,688)</b>	<b>(99,381)</b>	<b>(21,191)</b>	<b>-</b>	<b>(120,572)</b>	<b>2,549</b>
<b>NET ASSETS (DEFICIT)</b>							
Beginning of year	6,045	185,998	192,043	692,151	1,811,716	2,695,910	2,693,361
End of year	\$ (75,648)	\$ 168,310	\$ 92,662	\$ 670,960	\$ 1,811,716	\$ 2,575,338	\$ 2,695,910

See notes to financial statements

## Boys and Girls Republic, Inc.

### Statement of Functional Expenses Year Ended June 30, 2018 (with summarized totals for the year ended June 30, 2017)

	Program Services - Youth Programs	Management and General	Total	
			2018	2017
Salaries	\$ 792,219	\$ 106,886	\$ 899,105	\$ 909,848
Payroll taxes and employee benefits	179,021	28,249	207,270	272,018
Total Salaries and Related Expenses	<u>971,240</u>	<u>135,135</u>	<u>1,106,375</u>	<u>1,181,866</u>
Professional fees and contract service payments	113,163	15,255	128,418	114,866
Supplies	96,876	4,746	101,622	91,034
Telephone	16,225	2,601	18,826	17,120
Postage and shipping	1,379	4,276	5,655	5,877
Occupancy	441,989	1,244	443,233	350,755
Equipment rental and maintenance	29,184	2,415	31,599	34,101
Transportation	25,273	606	25,879	25,801
Insurance	-	636	636	605
Bank charges and custodial fees	1,138	9,099	10,237	7,026
Food	4,409	1,888	6,297	30,358
Membership fees and conferences	6,140	515	6,655	3,960
Depreciation	21,848	962	22,810	23,591
Miscellaneous	3,393	3,780	7,173	778
	<u>\$ 1,732,257</u>	<u>\$ 183,158</u>	<u>\$ 1,915,415</u>	<u>\$ 1,887,738</u>

See notes to financial statements

**Boys and Girls Republic, Inc.**

Statement of Cash Flows  
Year Ended June 30, 2018  
(with comparative amounts for the year ended June 30, 2017)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (120,572)	\$ 2,549
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	22,810	23,591
Realized gain on investments	(235,761)	(52,661)
Unrealized loss (gain) on investments	184,047	(114,528)
Changes in operating assets and liabilities		
Due from contracting agencies	131,167	(152,445)
Contribution receivable	20,000	(20,000)
Prepaid expenses	12,894	12,513
Accounts payable and accrued expenses	4,846	(4,836)
Refundable advances	(5,733)	5,733
Due to Henry Street Settlement	(16,976)	247,218
Net Cash from Operating Activities	(3,278)	(52,866)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(5,122)	-
Purchase of investments	(988,129)	(341,217)
Proceeds from the sale of investments	995,984	393,371
Net Cash from Investing Activities	2,733	52,154
Net Change in Cash	(545)	(712)
<b>CASH</b>		
Beginning of year	332,260	332,972
End of year	\$ 331,715	\$ 332,260

See notes to financial statements

## **Boys and Girls Republic, Inc.**

Notes to Financial Statements  
June 30, 2018

### **1. Organization and Tax Status**

Boys and Girls Republic, Inc. (“BGR”) operates programs devoted to teaching the principles of self-government to young boys and girls. The programs include the city clubhouse, which provides comprehensive athletic, recreational and educational supportive programming, correlated with extensive intra-community activity. BGR is funded primarily by contributions, grants and fees from contracting agencies, and a grant from Henry Street Settlement.

BGR is a membership corporation. Henry Street Settlement (the “Settlement”) is the sole member and appoints the Board of Directors of the corporation. The Settlement is a nonprofit organization exempt from federal income tax under Internal Revenue Service Code Section 501(c)(3). The Settlement receives cash and expends funds on behalf of BGR. Administrative overhead costs are allocated from the Settlement.

BGR is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Resources are classified for accounting and reporting purposes into net asset classes according to donor imposed restrictions. Unrestricted net assets are those whose use is not subject to any donor imposed restrictions. Temporarily restricted net assets are those resulting from contributions and other inflows of assets whose use by BGR is limited by donor imposed stipulations that will be met either by passage of time or that can be fulfilled and removed by actions of BGR pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are donor restricted gifts that must be maintained permanently by BGR to provide present and future income for operations.

## **Boys and Girls Republic, Inc.**

Notes to Financial Statements  
June 30, 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Summarized Financial Information***

The 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 U.S. GAAP. Accordingly, such information should be read in conjunction with BGR's financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

#### ***Fair Value Measurement***

BGR follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient is not categorized within the fair value hierarchy.

#### ***Investments Valuation***

Investments are carried at fair value.

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Due from Contracting Agencies and Allowance for Doubtful Accounts***

BGR records revenue and receivables for grants from contracting agencies based on claims for expense reimbursements and program utilization at contracted rates. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Receivables are charged to the allowance when they are determined to be uncollectible based upon a periodic review of the accounts by management. Management has determined that an allowance was not required as of June 30, 2018 or 2017. Interest is not accrued or recorded on outstanding accounts receivables.

## Boys and Girls Republic, Inc.

Notes to Financial Statements  
June 30, 2018

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Fixed Assets***

BGR capitalizes all expenditures for its fixed assets in excess of \$5,000 and a useful life of more than one year. Maintenance and repairs of a routine nature are charged to expense, while those that extend the life of existing assets are capitalized. Depreciation is provided over the estimated useful lives of each class of depreciable assets and is computed using the straight-line method. The estimated lives by asset class are as follows:

Building and building improvements	10-40 years
Furniture and equipment	10-20 years

#### ***Impairment of Long-Lived Assets***

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. BGR records impairment losses on long lived assets used in operations when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recognized during the years ended June 30, 2018 and 2017.

#### ***Conditional Asset Retirement Obligations***

BGR accounts for Conditional Asset Retirement Obligations (“CARO”) in accordance with U.S. GAAP, which defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The fair value of the CARO is recorded on a discounted basis and accreted over time for the change in fair value. Management has determined that there are no CARO liabilities that are required to be recorded.

#### ***Refundable Advances***

Refundable advances consist of unspent cash receipts from contracting agencies as well as the cumulative excess of allowable program revenues over allowable program expenses.

## **Boys and Girls Republic, Inc.**

Notes to Financial Statements  
June 30, 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Contributions***

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### ***Grants and Fees from Contracting Agencies***

BGR receives funding for many of its programs through contracts principally entered into with New York State and New York City. Certain governmental revenues are recorded based on estimated expenditures incurred and are subject to audit and adjustment by regulatory agencies. Third-party reimbursement adjustments are recorded when reasonably determinable. Revenues from fee-for-service and reimbursement contracts with New York State and New York City are recorded at rates established by the governmental payors. Revenues are recorded based on estimated allowable costs and are subject to audit and adjustment by governmental payors. The effects of such adjustments are recorded when reasonably determinable.

#### ***Donated Occupancy***

BGR records various types of in-kind support, including rent. Contributions of donated rent are recognized at fair value. The amounts reflected in the accompanying financial statements as donated occupancy are offset by like amounts included in expenses.

#### ***Rentals***

All leases are operating leases and are reflected on the straight-line basis when there are material step-ups in the required payments under the lease.

#### ***Functional Allocation of Expenses***

The costs of providing BGR's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## Boys and Girls Republic, Inc.

Notes to Financial Statements  
June 30, 2018

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Accounting for Uncertainty in Income Taxes***

BGR recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that BGR had no uncertain tax positions that would require financial statement recognition or disclosure. BGR is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2015.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 25, 2019.

### 3. Investments

The following are major categories of investments measured at fair value on a recurring basis at June 30, 2018 and 2017, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	June 30, 2018		June 30, 2017	
	Level 1	Total	Level 1	Total
Short-term investments	\$ 429,293	\$ 429,293	\$ 429,549	\$ 429,549
Common and Preferred Stock				
U.S. large cap equity	369,771	369,771	277,305	277,305
U.S. mid cap equity	115,352	115,352	61,984	61,984
U.S. small cap equity	-	-	22,185	22,185
International equity	552,390	552,390	461,714	461,714
	<u>1,037,513</u>	<u>1,037,513</u>	<u>823,188</u>	<u>823,188</u>
Mutual Funds				
Intermediate-term bonds	8,317	8,317	8,373	8,373
Large cap-blend	40,224	40,224	34,809	34,809
Large cap-growth	21,486	21,486	18,106	18,106
Large cap-value	26,243	26,243	25,508	25,508
Medium cap-growth	45,898	45,898	39,734	39,734
Medium cap-value	24,985	24,985	23,626	23,626
Small cap-value	3,867	3,867	3,553	3,553
Real estate and commodities	177,464	177,464	166,688	166,688
	<u>348,484</u>	<u>348,484</u>	<u>320,397</u>	<u>320,397</u>
Investment in limited partnerships (1)	-	313,667	-	511,964
	<u>\$ 1,815,290</u>	<u>\$ 2,128,957</u>	<u>\$ 1,573,134</u>	<u>\$ 2,085,098</u>

## Boys and Girls Republic, Inc.

Notes to Financial Statements  
June 30, 2018

### 3. Investments *(continued)*

(1) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in the total column of this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between levels of the fair value hierarchy during 2018 and 2017.

Information regarding alternative investments measured at NAV using the practical expedient is as follows at June 30:

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long/short hedge funds (a)	\$ 169,672	\$ -	varies	7-70 days
Private equity (b)	143,995	87,465	N/A	N/A
	\$ 313,667	\$ 87,465		
	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long/short hedge funds (a)	\$ 349,299	\$ -	varies	7-70 days
Private equity (b)	162,665	58,015	N/A	N/A
	\$ 511,964	\$ 58,015		

(a) This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 10 percent of the value of the investments in this category cannot be redeemed because the investments include restrictions that do not allow for redemption in the first 12 to 18 months after acquisition.

(b) This category includes several private equity funds that invest primarily in foreign technology companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of the fund will be liquidated over 10 to 11 years.

## Boys and Girls Republic, Inc.

Notes to Financial Statements  
June 30, 2018

### 3. Investments (*continued*)

At June 30, 2018, two individual investments represented 10% and 7% of total investments. At June 30, 2017, two individual investments represented 17% and 8% of total investments.

### 4. Fixed Assets

The components of fixed assets, including accumulated depreciation, are as follows at June 30:

	<u>2018</u>	<u>2017</u>
Building and building improvements	\$ 596,796	\$ 592,636
Furniture and equipment	<u>235,305</u>	<u>234,343</u>
	832,101	826,979
Accumulated depreciation	<u>(663,791)</u>	<u>(640,981)</u>
	<u>\$ 168,310</u>	<u>\$ 185,998</u>

### 5. Concentration of Credit Risk

Financial instruments which potentially subject BGR to a concentration of credit risk consist primarily of cash, investments, and due from contracting agencies. At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation's insurance limit. At June 30, 2018 and 2017, there were no uninsured portions of these balances.

The investment portfolio is diversified by type of investment and industry concentrations so that no individual group of investments represents a significant concentration of risk. Amounts due from contracting agencies are expected to be collected in the normal course of business operations.

### 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, are available for the following purpose:

	<u>2018</u>	<u>2017</u>
Youth Programs	<u>\$ 670,960</u>	<u>\$ 692,151</u>

## Boys and Girls Republic, Inc.

Notes to Financial Statements  
June 30, 2018

### 6. Temporarily Restricted Net Assets *(continued)*

Net assets were released from donor restrictions by satisfying the purpose or time restrictions for years ended June 30, as follows:

	<u>2018</u>	<u>2017</u>
Youth programs		
Program restrictions	\$ 107,000	\$ 219,806
Income distribution	<u>100,000</u>	<u>86,272</u>
	<u>\$ 207,000</u>	<u>\$ 306,078</u>

### 7. Endowment Fund

#### *General*

BGR's permanently restricted net assets consist of three endowment fund assets to be held in perpetuity. The income from the assets can be used to support the youth programs.

#### *Interpretation of Law*

The Board of Directors of BGR has adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. BGR is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7% of the average of its previous five years' balances. As a result of this interpretation, BGR classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by BGR in a manner consistent with the standards of prudence prescribed by NYPMIFA.

#### *Return Objectives and Strategies Employed*

The objective of BGR is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low-risk securities. Interest earned in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon expenditure for the program for which the endowment fund was established.

## Boys and Girls Republic, Inc.

Notes to Financial Statements  
June 30, 2018

### 7. Endowment Fund *(continued)*

#### *Funds with Deficiencies*

BGR does not have any funds with deficiencies.

#### *Spending Policy*

The Board of Directors, in compliance with the applicable state regulations, will appropriate as much of net appreciation as is prudent considering BGR's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. Under the BGR's spending policy, the adjusted average market value of certain investments measured at March 31 of each of the three immediately preceding years is made available on each July 1 to support current operations of the BGR and certain non-operating activities as designated by the Board of Directors.

The following is a reconciliation of the activity in the donor restricted endowment funds portion of the investment portfolio for the years ended June 30, 2018 and 2017:

	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2016	\$ 512,070	\$ 1,811,716	\$ 2,323,786
Interest and dividends	54,665	-	54,665
Investment gain, net	167,189	-	167,189
Appropriation for expenditure	<u>(86,272)</u>	<u>-</u>	<u>(86,272)</u>
Balance, June 30, 2017	647,652	1,811,716	2,459,368
Interest and dividends	54,095	-	54,095
Investment gain, net	51,714	-	51,714
Appropriation for expenditure	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Balance, June 30, 2018	<u>\$ 653,461</u>	<u>\$ 1,811,716</u>	<u>\$ 2,465,177</u>

## **Boys and Girls Republic, Inc.**

Notes to Financial Statements  
June 30, 2018

### **8. Donated Occupancy**

The BGR Clubhouse is located at 888 East 6th Street, New York, New York in a building provided by the City of New York without a rental charge. In accordance with U.S. GAAP, the value of donated occupancy of \$312,000 in each of the years ended 2018 and 2017 is included in donated occupancy and occupancy expense in the financial statements to reflect the estimated fair value.

### **9. Pension Expense**

BGR provides a 403(b) defined-contribution plan and contributes 5% of base salary for eligible employees. Pension expense for the years ended June 30, 2018 and 2017 was \$23,294 and \$44,238.

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