

BOYS AND GIRLS CLUBS  
OF THE PENINSULA

JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

**Boys and Girls Clubs of the Peninsula**  
**Independent Auditors' Report and Financial Statements**

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<b>Independent Auditors' Report</b>	1
 <b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 16

## Independent Auditors' Report

BOARD OF DIRECTORS  
BOYS AND GIRLS CLUBS OF THE PENINSULA  
Menlo Park, California

We have audited the accompanying statement of financial position of the **BOYS AND GIRLS CLUBS OF THE PENINSULA (the Club)** as of June 30, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Club's fiscal year ended June 30, 2010 financial statements, and in our report dated September 21, 2010, we expressed an unqualified opinion on those statements.

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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys and Girls Clubs of the Peninsula as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



San Jose, California  
October 10, 2011

*Consultants and*

*Business Advisors*

*100 First Street*

*14<sup>th</sup> Floor*

*San Francisco*

*CA 94105*

*415.781.0793*

*fax 415.421.2976*

*10 Almaden Boulevard*

*Suite 250*

*San Jose*

*CA 95113*

*408.998.8400*

*fax 408.998.8485*



# Boys and Girls Clubs of the Peninsula

## Statement of Financial Position

<i>June 30, 2011 (with comparative totals as of June 30, 2010)</i>	2011	2010
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,757,257	\$ 1,212,785
Investments	5,246,977	4,658,959
Unconditional promises to give, net, current portion	1,071,769	434,587
Other receivables	256,106	170,466
Prepaid expenses and deposits	45,397	29,713
Total current assets	8,377,506	6,506,510
Unconditional Promises to Give, net, noncurrent portion	120,500	620,102
Property, Equipment and Improvements, net	6,759,250	6,950,725
Total assets	\$ 15,257,256	\$ 14,077,337
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 454,682	\$ 409,558
Total current liabilities	454,682	409,558
<b>Net Assets:</b>		
Unrestricted:		
Board designated:		
Maintenance reserve	568,323	579,685
Other purposes	1,973,263	1,603,417
Undesignated	7,832,091	7,694,094
Total unrestricted net assets	10,373,677	9,877,196
Temporarily restricted	2,503,897	1,865,583
Permanently restricted	1,925,000	1,925,000
Total net assets	14,802,574	13,667,779
Total liabilities and net assets	\$ 15,257,256	\$ 14,077,337

The accompanying notes are an integral part of these statements.

# Boys and Girls Clubs of the Peninsula

## Statement of Activities

*Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)*

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>Support and Revenues:</b>					
Contributions:					
Individuals	\$ 2,550,347	\$ 202,693		\$ 2,753,040	\$ 2,067,389
Corporations	453,165			453,165	332,262
Foundations	626,222	778,617		1,404,839	733,005
Civic/other	43,892	50,000		93,892	289,337
<b>Total contributions</b>	<b>3,673,626</b>	<b>1,031,310</b>		<b>4,704,936</b>	<b>3,421,993</b>
Investment income:					
Interest and dividends	8,254	3,377		11,631	10,794
Unrealized gains on investments	541,602	317,847		859,449	678,661
<b>Total investment income</b>	<b>549,856</b>	<b>321,224</b>		<b>871,080</b>	<b>689,455</b>
Other revenue:					
Municipal revenue	884,021			884,021	747,568
Special events	404,423			404,423	275,510
Membership revenue	50,929			50,929	56,769
Miscellaneous	10,549			10,549	33,417
<b>Total other revenue</b>	<b>1,349,922</b>	<b>0</b>		<b>1,349,922</b>	<b>1,113,264</b>
Net assets released from restrictions	714,220	(714,220)			
<b>Total support and revenue</b>	<b>6,287,624</b>	<b>638,314</b>		<b>6,925,938</b>	<b>5,224,712</b>
<b>Expenses:</b>					
Program services	4,587,081			4,587,081	4,303,774
Management and general	785,955			785,955	747,596
Fundraising	418,107			418,107	448,234
<b>Total expenses</b>	<b>5,791,143</b>			<b>5,791,143</b>	<b>5,499,604</b>
<b>Change in Net Assets</b>	<b>496,481</b>	<b>638,314</b>		<b>1,134,795</b>	<b>(274,892)</b>
<b>Net Assets - Beginning of year</b>	<b>9,877,196</b>	<b>1,865,583</b>	<b>\$ 1,925,000</b>	<b>13,667,779</b>	<b>13,942,671</b>
<b>Net Assets - End of year</b>	<b>\$ 10,373,677</b>	<b>\$ 2,503,897</b>	<b>\$ 1,925,000</b>	<b>\$ 14,802,574</b>	<b>\$ 13,667,779</b>

The accompanying notes are an integral part of these statements.

# Boys and Girls Clubs of the Peninsula

## Statement of Functional Expenses

*Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)*

	2011				2010
	Program Services	Management and General	Fundraising	Total	Total
<b>Personnel</b>					
Salaries	\$ 2,749,570	\$ 435,789	\$ 240,268	\$ 3,425,627	\$ 3,185,030
Payroll taxes and benefits	633,678	159,863	44,644	838,185	779,838
Total personnel expense	3,383,248	595,652	284,912	4,263,812	3,964,868
<b>Facilities</b>					
Depreciation	334,977			334,977	310,786
Insurance	36,842	8,761		45,603	43,881
Utilities	119,449			119,449	111,410
Repairs and maintenance	176,124	1,299	1,144	178,567	195,272
All other facilities expense	9,346			9,346	10,367
Total facilities	676,738	10,060	1,144	687,942	671,716
<b>Program Supplies</b>	382,452			382,452	354,297
<b>Other</b>					
Special events			83,872	83,872	66,687
Bad debt expense		7,407		7,407	44,706
Training	8,310	22,181	1,903	32,394	27,644
Professional fees		46,232		46,232	86,623
Telephone	51,437	2,659	399	54,495	56,152
Office supplies	35,260	9,130	6,410	50,800	61,049
Transportation	35,801	5,430	606	41,837	36,033
Dues		16,951		16,951	17,530
Remaining other expenses	13,835	70,253	38,861	122,949	112,299
Total other expenses	144,643	180,243	132,051	456,937	508,723
Total expenses	\$ 4,587,081	\$ 785,955	\$ 418,107	\$ 5,791,143	\$ 5,499,604

The accompanying notes are an integral part of these statements.

# Boys and Girls Clubs of the Peninsula

## Statement of Cash Flows

*Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)*

	2011	2010
<b>Cash Flows Provided by Operating Activities:</b>		
Change in net assets	\$ 1,134,795	\$ (274,892)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	334,977	310,786
Net unrealized gains on investments	(859,450)	(678,661)
Donated equipment and other	(83,250)	
Changes in operating assets and liabilities:		
Unconditional promises to give	(137,580)	508,756
Other receivables	(85,640)	160,200
Prepaid expenses and deposits	(15,684)	26,325
Accounts payable and accrued expenses	45,124	124,420
Net cash provided by operating activities	333,292	176,934
<b>Cash Flows from Investing Activities:</b>		
Purchases of property, equipment and leaseholds	(60,252)	(130,216)
Proceeds from sale of investments	280,690	227,325
Purchase of investments	(9,258)	(8,008)
Net cash provided by investing activities	211,180	89,101
<b>Net Increase in Cash and Cash Equivalents</b>	<b>544,472</b>	<b>266,035</b>
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>1,212,785</b>	<b>946,750</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 1,757,257</b>	<b>\$ 1,212,785</b>
<b>Supplemental Information</b>		
Noncash investing activities:		
Gifts of equipment	\$ 83,250	

The accompanying notes are an integral part of these statements.

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### Note 1 - Description of the Organization:

The Boys and Girls Clubs of the Peninsula (the Club) provide places where young people aged 6 - 18 are welcome and can belong after school and all day during the summer. At each of the Club's sites located in the most challenged areas of Menlo Park, East Palo Alto and Redwood City, California, staff and volunteers work through a broad range of programs to guide and inspire youth to develop the attitudes and life skills they need to thrive. Founded in 1958, the Club is now regarded as one of the most comprehensive youth development organizations in the San Francisco Bay Area. The Club's programs focus on Academics, Science and Technology, Social Education and Life Skills, Athletics and Fitness, and the Arts. Many of these programs are offered in partnership with local schools and other community organizations. The Club's annual budget is dependent on a balanced combination of support from individuals, foundations, corporations and public partners.

### Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The Club prepares its financial statements on the accrual basis of accounting.

b. Description of Net Assets

*Unrestricted Net Assets* - the portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations. At June 30, 2011 and 2010, these net assets are intended for use by management and the Board of Directors for general operations and certain Board designated uses.

*Temporarily Restricted Net Assets* - the portion of net assets which use is limited by donor - imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Club. Also included in temporarily restricted net assets are earnings on the permanently restricted endowment which have not yet been appropriated for use.

*Permanently Restricted Net Assets* - the portion of net assets which use is limited by donor - imposed stipulations that neither expire by passage of time nor can be removed by actions of the Club. At June 30, 2011 and 2010, these net assets represent the Club's endowment.

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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c. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of short-term, highly liquid investments and investments with original maturity dates of three months or less and do not include cash held in investment accounts.

d. Investments

Investments are valued at fair value with realized and unrealized gains and losses reflected in the Statement of Activities.

e. Unconditional Promises to Give

Unconditional promises to give are recorded at their net realizable value. Unconditional promises to give which are due in more than one year have been discounted to the present value of their estimated future cash flows.

f. Property, Equipment and Improvements

The Club records property, equipment and improvements at cost of acquisition or construction or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method with lives ranging from 3 to 40 years.

g. Revenue Recognition

Contributions are recorded at their fair value and are recognized as revenue when the donor makes an unconditional promise to give to the Club. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same year in which the contributions are recognized. Net assets released from restrictions during the years ended June 30, 2011 and 2010 represent payments on unconditional promises to give, funds used for their restricted purposes and the appropriation of previously unappropriated endowment earnings.

Special event revenue is recognized when the event occurs.

Non-cash donations are recorded at the fair value of the gift at the date of the donation.

Services, relating to leadership and help with member activities and programs, are donated by various individuals. Many generous people contribute many hours of time and expertise to assist with the administration of various programs. No revenue has been recognized for these services.

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### h. Income Taxes

The Club has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, the Club has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Management evaluated the Club's tax positions and concluded that the Club had maintained its tax exempt status and had not taken uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Club is generally no longer subject to income tax examination by the U.S. federal and state tax authorities for years prior to 2007.

### i. Allocation of Expenses

Certain indirect costs have been allocated by management among programs and supporting services based on estimates of time, space and other factors.

### j. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### k. Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not in sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Club's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

### l. Subsequent Events

The Club evaluated subsequent events through October 10, 2011, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### Note 3 - Investments and Fair Value Measurements:

The Club follows FASB's Accounting Standards Codifications (ASC) No. 820, *Fair Value Measurements and Disclosures*, which defines fair value 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 and establishes a framework for measuring fair value. FASB ASC 820 prioritizes an entity's use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.
- Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

#### *Investment Securities*

A substantial portion of the Club's investments are maintained in The Investment Fund for Foundation's (TIFF) Multi-Asset Fund (MAF). The MAF is a mutual fund. The TIFF MAF investment is valued using its net asset value. At June 30, 2011, the TIFF MAF was invested approximately 57% in total return assets (primarily global stocks, high yield bonds) and 43% in hedging assets (primarily inflation linked bonds and cash equivalents). The fund's performance objective is to achieve a total return (price appreciation plus dividends and interest income) net of expenses that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index, plus 5% per annum.

The fair value of assets measured on a recurring basis as of June 30, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments as of June 30, 2011:				
TIFF multi-asset funds	\$ 5,183,704		\$ 5,183,704	
Cash funds	35,377	\$ 35,377		
Domestic securities	27,896	27,896		
Total fair value as of June 30, 2011	\$ 5,246,977	\$ 63,273	\$ 5,183,704	

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments as of June 30, 2010:				
TIFF multi-asset funds	\$ 4,569,548		\$ 4,569,548	
Cash funds	61,917	\$ 61,917		
Domestic securities	27,494	27,494		
Total fair value as of June 30, 2010	\$ 4,658,959	\$ 89,411	\$ 4,569,548	

**Note 4 - Unconditional Promises to Give:**

Unconditional promises to give are comprised of the following at June 30, 2011 and 2010:

	2011	2010
Pledges	\$ 1,202,361	\$1,069,752
Less: Allowance for doubtful accounts	(7,721)	(10,000)
Discount to net present value of estimated future cash flows	(2,371)	(5,063)
Net unconditional promises to give	\$ 1,192,269	\$1,054,689

Net unconditional promises to give are expected to be collected as follows as of June 30, 2011:

Due in one year or less	\$ 1,071,769
Due in one to five years	120,500
	\$ 1,192,269

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### Note 5 - Property, Equipment and Improvements:

At June 30, 2011 and 2010, property, equipment and improvements and accumulated depreciation are as follows:

	2011	2010
Buildings, improvements and landscaping	\$ 9,559,716	\$ 9,545,675
Equipment	1,290,762	1,191,861
Vehicles	163,499	132,939
	<hr/>	<hr/>
	11,013,977	10,870,475
Less accumulated depreciation	(4,254,727)	(3,919,750)
	<hr/>	<hr/>
	\$ 6,759,250	\$ 6,950,725

### Note 6 - Endowment Funds:

The Club follows ASC Topic 958-205, *Reporting Endowment Funds*. The State of California adopted a version of the Uniform Prudent Management of Institutional Funds Act, known as the State Prudent Management of Institutional Funds Act (SPMIFA).

SPMIFA moves away from the concept of corpus with its “historical dollar value” in an endowment. Charities are encouraged to develop spending policies that are responsive to short term fluctuations in the value of the fund, preserve the value of the fund for future use, and honor the charitable purpose of the fund. The Club will continue to balance the endurance of its funds and the needs of the community in its granting policy and practices.

The Club’s endowment consists of funds established to generate general operating support to the Club and the accumulated earnings thereon that have not yet been expended. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### *Interpretation of Relevant Law*

The Board of Directors has interpreted SPMIFA 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. The remaining portion of the endowment fund that is not classified in permanently restricted net assets (the accumulated past earnings of the endowment which have not yet been appropriated), 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 SPMIFA.

In accordance with SPMIFA, 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, (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.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Club to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2011

### *Return Objectives and Risk Parameters*

The Club has adopted investment and spending policies for endowment assets that will ultimately provide a predictable stream of funding to provide support for the various programs of the Club. Endowment assets include those assets of donor-restricted funds that the Club must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to realize a competitive rate of return comparable to index benchmarks.

### *Strategies Employed for Achieving Objectives*

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

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### *Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Club is expecting to provide annual distributions of 5% of the market value of the portfolio as calculated on a 3 year rolling average. The investment managers are required to invest funds so as to ensure that required distributions of income or principal are met. In order to avoid untimely sales of securities, the Investment Committee will forward to the managers estimates of needed payouts well in advance.

Endowment funds at June 30, 2011 are recorded as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted:				
Original gifts		\$1,345,151	\$1,925,000	\$3,270,151
Board Designated	\$1,973,263			1,973,263
<hr/>				
Total Funds	\$1,973,263	\$1,345,151	\$1,925,000	\$5,243,414

Endowment funds at June 30, 2010 are recorded as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted:				
Original gifts		\$1,127,781	\$1,925,000	\$3,052,781
Board Designated	\$1,603,147			1,603,147
<hr/>				
Total Funds	\$1,603,147	\$1,127,781	\$1,925,000	\$4,655,928

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

Net changes in endowment funds for the year ended June 30, 2011 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2010	\$ 1,603,147	\$ 1,127,781	\$ 1,925,000	\$ 4,655,928
Investment return:				
Income	5,751	3,377		9,128
Net appreciation	541,200	317,847		859,047
Total investment return	546,951	321,224		868,175
Appropriation of endowment earnings	(176,835)	(103,854)		(280,689)
Endowment net assets, June 30, 2011	\$ 1,973,263	\$ 1,345,151	\$ 1,925,000	\$ 5,243,414

Net changes in endowment funds for the year ended June 30, 2010 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2009	\$ 1,332,505	\$ 939,708	\$ 1,925,000	\$ 4,197,213
Investment return:				
Income	4,229	2,939		7,168
Net appreciation	400,534	278,337		678,871
Total investment return	404,763	281,276		686,039
Appropriation of endowment earnings	(134,121)	(93,203)		(227,324)
Endowment net assets, June 30, 2010	\$ 1,603,147	\$ 1,127,781	\$ 1,925,000	\$ 4,655,928

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### Note 7 - Temporarily Restricted Net Assets

As of June 30, 2011 and 2010, temporarily restricted net assets were comprised of the following:

	2011	2010
Pledges	\$ 656,506	\$ 620,102
Unappropriated earnings on endowment	1,345,151	1,127,781
Program services	502,240	117,700
	<hr/>	<hr/>
	\$ 2,503,897	\$ 1,865,583

Net assets of \$714,220 and \$1,275,286 were released during 2011 and 2010, respectively, in accordance with the donors' intent.

### Note 8 - Commitments and Contingencies

The Club has entered into several exchange agreements to lease facilities. These exchange agreements require the Club to perform certain duties in return for lease payments of \$1 per year. The City of Menlo Park owns the land upon which the Menlo Park facility is situated and leases the facility to the Club. The lease runs for 25 years (June, 2023) with options to renew. The total rent of \$25 was paid by the Club to cover the original lease term. The building and improvements, constructed by the Club, will revert to the City of Menlo Park in the event that the Club abandons the premises, which is not deemed probable by management. The Redwood City facility is situated on land owned by and leased from Redwood City at a cost of \$1 per year. The lease runs for 42 years (January, 2029). The Ravenswood School District and the Redwood City School District own the schools in which the Club's Center for a New Generation programs are situated. No lease obligation currently exists for these facilities. The Ravenswood School District also owns the land upon which the East Palo Alto facility is located. The lease runs for 66 years (May 2064) at a charge of \$1 per year, which was prepaid by the Club.

The Club has been named in a legal action for which it has instructed its legal counsel to defend the Club vigorously. No assessment of an outcome is available at this time, but management believes there will be no material impact on the Club. Management believes any liabilities resulting from these claims would be covered by insurance.

# Boys and Girls Clubs of the Peninsula

## Notes to Financial Statements

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### **Note 9 - Employee Benefits:**

The Club maintains a contributory pension plan that covers all full-time employees that have been with the Club for at least 24 months. For the years ended June 30, 2011 and 2010, the amount of pension expense was \$185,006 and 142,438, respectively.

### **Note 10 - Concentrations of Risk:**

The Club has defined its financial instruments, which are potentially subject to risk as cash, cash equivalents, investments and unconditional promises to give.

At times, the Club has cash deposits in financial institutions in excess of federally insured limits. Investments are held in various holdings in order to limit the concentration of market risk.

For the year ended June 30, 2011, approximately 20% of total contribution revenue was provided from five individuals and five foundations. In the previous year, 20% of the Club's total contributions were provided by three individuals, one foundation and one civic organization.