BOYS & GIRLS CLUBS
OF SAN FRANCISCO

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CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2017 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of San Francisco and Affiliates, which comprise the consolidated statement of financial position as of September 30, 2017, 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 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 of 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.

MARCUMGROUP
MEMBER

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Opinion

In our opinion, the 2017 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boys & Girls Clubs of San Francisco and Affiliates as of September 30, 2017, and the consolidated changes in its net assets and its consolidated 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 financial statements as a whole. The Consolidating Statement of Financial Position as of September 30, 2017 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Summarized Comparative Information

We previously audited Boys & Girls Clubs of San Francisco and Affiliates' 2016 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements dated February 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

San Francisco, California
February 23, 2018

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017	2016
Assets		
Cash and cash equivalents	$ 1,766,504	$ 3,703,387
Accounts receivable	227,314	581,014
Grants receivable	649,692	449,031
Promises to give, net	657,665	735,875
Prepaid expenses	270,595	275,743
Notes receivable	21,376,125	29,605,402
Investments	4,857,178	2,988,808
Interest in the net assets of the Endowment Trust	40,516,567	36,530,776
Beneficial interest in trusts	800,589	776,866
Cash restricted for interest	30,231	30,225
Cash restricted for long-term purposes	756,039	1,177,206
Property and equipment, net	34,328,383	35,255,640
Construction in progress	188,621	108,743
Total Assets	$ 106,425,503	$ 112,218,716
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 818,879	$ 1,225,044
Accrued salaries and benefits	587,834	597,984
Deferred revenue	58,052	38,100
Notes payable, net	30,112,402	40,899,786
Total Liabilities	31,577,167	42,760,914
Commitments and Contingencies		
Net Assets		
Unrestricted	54,325,239	49,580,180
Temporarily restricted	1,903,645	2,405,964
Permanently restricted	18,619,452	17,471,658
Total Net Assets	74,848,336	69,457,802
Total Liabilities and Net Assets	$ 106,425,503	$ 112,218,716

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, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Public Support and Revenue					
Public Support					
Contributions:					
Government	$ 2,687,242	$ --	$ --	$ 2,687,242	$ 2,288,077
Individuals	1,260,037	1,078,083	--	2,338,120	2,570,756
Foundations and trusts	1,819,803	10,500	--	1,830,303	1,564,998
Bequests	575,707	--	--	575,707	673,764
Federal awards	279,793	--	--	279,793	312,567
Corporate	248,360	15,000	--	263,360	452,731
Change in the interest in the net assets of the Endowment Trust	2,351,334	--	2,038,893	4,390,227	3,133,936
Special events, net	2,838,082	38,839	--	2,876,921	2,722,494
In-kind contributions	1,474,506	--	--	1,474,506	513,307
Change in beneficial interest in trusts	--	23,723	--	23,723	(9,821)
Net assets released from restrictions	2,638,228	(1,747,129)	(891,099)	--	--
Total Public Support	16,173,092	(580,984)	1,147,794	16,739,902	14,222,809
Revenue					
Rental income	515,184	--	--	515,184	315,657
Net investment income	435,578	24,782	--	460,360	514,339
Other investment income	365,293	--	--	365,293	1,110,418
Camp fees	203,093	--	--	203,093	191,145
Net realized and unrealized investment gains	156,840	49,768	--	206,608	102,240
Miscellaneous income	104,081	--	--	104,081	38,595
Membership dues	78,700	--	--	78,700	92,615
Net program incidental revenue	84,481	4,115	--	88,596	112,768
Loss on sale of property	(1,195)	--	--	(1,195)	--
Total Revenue	1,942,055	78,665	--	2,020,720	2,477,777
Total Public Support and Revenue	18,115,147	(502,319)	1,147,794	18,760,622	16,700,586

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, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Expenses					
Program services	$ 12,946,648	$ --	$ --	$ 12,946,648	$ 11,022,333
Supporting Services					
Management and general	1,618,494	--	--	1,618,494	1,557,917
Fundraising	1,587,060	--	--	1,587,060	1,168,171
Total Supporting Services	3,205,554	--	--	3,205,554	2,726,088
Total Expenses	16,152,202	--	--	16,152,202	13,748,421
Other Income (Expenses)					
New Markets Tax Credit debt forgiveness	2,810,723	--	--	2,810,723	--
Bad debt expense	(28,609)	--	--	(28,609)	(8,545)
Total Other Income (Expenses)	2,782,114	--	--	2,782,114	(8,545)
Change in Net Assets	4,745,059	(502,319)	1,147,794	5,390,534	2,943,620
Net Assets - Beginning	49,580,180	2,405,964	17,471,658	69,457,802	66,514,182
Net Assets - Ending	$ 54,325,239	$ 1,903,645	$ 18,619,452	$ 74,848,336	$ 69,457,802

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, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Program Services					
	Camp Mendocino	Citywide	Columbia Park	Excelsior	Don Fisher	Mission
Salaries	$ 804,129	$ 1,336,198	$ 546,472	$ 501,296	$ 652,033	$ 433,852
Employee benefits	141,466	190,232	92,262	73,391	123,928	82,842
Payroll taxes	49,654	98,745	40,763	37,679	48,456	31,463
Total Salaries and Related Expenses	995,249	1,625,175	679,497	612,366	824,417	548,157
Advertising and promotion	2,261	3,321	2,728	1,021	2,396	1,032
Conferences and conventions	7,437	34,096	4,344	4,365	3,992	2,895
Equipment repairs and maintenance	16,143	18,696	33,209	11,787	12,481	11,071
Insurance	37,704	27,233	11,138	10,217	13,289	8,842
Interest	--	--	--	--	507,595	184,627
Membership dues	7,883	7,158	2,955	2,795	3,993	2,324
Miscellaneous	5,712	8,579	487	673	404	927
Occupancy	90,682	45,756	106,899	141,951	184,501	109,000
Postage	972	543	115	138	137	143
Printing and publication	3,792	2,713	1,047	1,003	1,645	840
Professional fees	6,713	11,154	4,562	4,185	5,443	3,622
Program services contracts	58,412	97,062	39,696	36,414	47,364	31,515
Scholarships and stipends	11,200	100,066	--	--	--	--
Supplies	46,196	153,532	147,140	130,653	122,965	106,664
Telephone	6,931	5,106	16,706	10,136	29,903	18,619
Transportation and travel	93,342	112,279	27,915	26,450	22,574	12,995
Total Expenses Before Depreciation	1,390,629	2,252,469	1,078,438	994,154	1,783,099	1,043,273
Depreciation	127,661	568	147,162	56,681	620,830	196,597
Total Expenses	1,518,290	2,253,037	1,225,600	1,050,835	2,403,929	1,239,870
Less: Expenses Netted on the Consolidated Statement of Activities and Changes in Net Assets	--	--	--	--	--	--
	$ 1,518,290	$ 2,253,037	$ 1,225,600	$ 1,050,835	$ 2,403,929	$ 1,239,870

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, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Program Services				
	Sunnydale	Tenderloin	Visitacion Valley	Willie Mays	Total Program Services
Salaries	$ 250,330	$ 554,213	$ 316,267	$ 447,092	$ 5,841,882
Employee benefits	22,186	91,078	59,319	79,881	956,585
Payroll taxes	18,811	41,013	24,068	33,749	424,401
Total Salaries and Related Expenses	291,327	686,304	399,654	560,722	7,222,868
Advertising and promotion	1,587	1,449	561	1,334	17,690
Conferences and conventions	3,156	3,722	2,110	3,710	69,827
Equipment repairs and maintenance	5,854	19,791	8,759	8,568	146,359
Insurance	5,102	11,296	6,446	9,112	140,379
Interest	--	--	--	--	692,222
Membership dues	1,341	2,969	1,694	2,395	35,507
Miscellaneous	127	538	161	271	17,879
Occupancy	5,471	39,802	51,594	411,773	1,187,429
Postage	52	116	137	240	2,593
Printing and publication	463	1,068	612	795	13,978
Professional fees	2,090	4,626	2,640	3,732	48,767
Program services contracts	18,184	40,258	22,974	32,477	424,356
Scholarships and stipends	--	115	--	--	111,381
Supplies	40,702	59,014	82,361	106,615	995,842
Telephone	3,484	12,808	1,930	19,705	125,328
Transportation and travel	2,840	2,470	7,164	9,791	317,820
Total Expenses Before Depreciation	381,780	886,346	588,797	1,171,240	11,570,225
Depreciation	6,472	700	134	219,618	1,376,423
Total Expenses	388,252	887,046	588,931	1,390,858	12,946,648
Less: Expenses Netted on the Consolidated Statement of Activities and Changes in Net Assets	--	--	--	--	--
	$ 388,252	$ 887,046	$ 588,931	$ 1,390,858	$ 12,946,648

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, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Supporting Services			Totals	
	Management and General	Fundraising	Total	2017	2016
Salaries	$ 642,551	$ 872,162	$ 1,514,713	$ 7,356,595	$ 6,444,577
Employee benefits	140,895	125,856	266,751	1,223,336	1,034,175
Payroll taxes	35,921	61,806	97,727	522,128	463,990
Total Salaries and Related Expenses	819,367	1,059,824	1,879,191	9,102,059	7,942,742
Advertising and promotion	8,429	36,681	45,110	62,800	65,136
Conferences and conventions	34,166	1,377	35,543	105,370	90,491
Equipment repairs and maintenance	7,890	1,212	9,102	155,461	109,509
Insurance	35,525	--	35,525	175,904	182,383
Interest	--	--	--	692,222	790,842
Membership dues	814	2,649	3,463	38,970	35,181
Miscellaneous	5	42,808	42,813	60,692	128,742
Occupancy	50,731	12,809	63,540	1,250,969	1,084,943
Postage	1,296	19,172	20,468	23,061	20,910
Printing and publication	--	12,953	12,953	26,931	27,087
Professional fees	568,276	106,989	675,265	724,032	576,307
Program services contracts	--	--	--	424,356	387,481
Scholarships and stipends	--	--	--	111,381	89,856
Special events	--	678,876	678,876	678,876	554,563
Supplies	55,079	274,712	329,791	1,325,633	494,354
Telephone	15,099	15,488	30,587	155,915	136,439
Transportation and travel	18,466	386	18,852	336,672	282,556
Total Expenses Before Depreciation	1,615,143	2,265,936	3,881,079	15,451,304	12,999,522
Depreciation	3,351	--	3,351	1,379,774	1,303,462
Total Expenses	1,618,494	2,265,936	3,884,430	16,831,078	14,302,984
Less: Expenses Netted on the Consolidated Statement of Activities and Changes in Net Assets	--	(678,876)	(678,876)	(678,876)	(554,563)
	$ 1,618,494	$ 1,587,060	$ 3,205,554	$ 16,152,202	$ 13,748,421

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, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	$ 5,390,534	$ 2,943,620
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	28,609	8,545
Net realized and unrealized investment gains	(206,608)	(102,240)
Change in the interest in the net assets of the Endowment Trust	(4,390,227)	(3,133,936)
Contributions restricted for long-term purposes	1,103,583	2,344,271
Contributions of beneficial interest in trusts	--	(668,331)
Change in beneficial interest in trusts	(23,723)	9,821
New Markets Tax Credit debt forgiveness	(2,810,723)	--
Amortization of debt issuance costs	252,616	297,829
Depreciation	1,379,774	1,303,462
Loss on disposal of property and equipment	1,195	--
Changes in operating assets and liabilities:		
Accounts receivable	353,700	(194,227)
Grants receivable	(200,661)	262,132
Promises to give	(1,318,712)	(2,311,100)
Prepaid expenses	5,148	(57,848)
Accounts payable and accrued expenses	(406,165)	62,031
Accrued salaries and benefits	(10,150)	24,969
Deferred revenue	19,952	21,553
Net Cash (Used in) Provided by Operating Activities	(831,858)	810,551
Cash Flows From Investing Activities		
Purchase of investments	(2,178,625)	(612,199)
Proceeds from sale or maturity of investments	516,863	679,591
BGCSF Board designated investment in the Endowment Trust	(1,593,169)	(2,661,919)
Distributions from the Endowment Trust	1,997,605	1,892,795
Additional receipts restricted for long-term purposes	421,161	502,718
Purchase of property and equipment	(316,053)	(519,042)
Proceeds from sale of property and equipment	2,105	--
Cash paid for construction in progress	(219,642)	(50,099)
Net Cash Used by Investing Activities	(1,369,755)	(768,155)

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, 2017
(WITH RESTATED SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017	2016
Cash Flows From Financing Activities		
Proceeds from contributions restricted for long-term purposes	$ 264,730	$ 479,213
Net (Decrease) Increase in Cash and Cash Equivalents	(1,936,883)	521,609
Cash and Cash Equivalents - Beginning	3,703,387	3,181,778
Cash and Cash Equivalents - Ending	$ 1,766,504	$ 3,703,387

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 twelve 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
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
We believe 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
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 Street 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"). Pursuant to the NMTC Exit Agreement dated June 22, 2017, the NMTC transaction was terminated (Note 6).

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, 2017, 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, 2017, 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 non-profit 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, 2017.

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)

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, 2017.

DEBT ISSUANCE COSTS

Debt issuance costs consist of an advisory fee, attorneys' fees, and other miscellaneous costs incurred in connection with the NMTC transaction. These costs are being amortized using the straight-line method over its estimated useful life of seven years, and are included in interest expense. Debt issuance costs are presented as a direct deduction to the related notes payable in the consolidated statement of financial position.

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, 2017, the self-insurance liability was $6,000 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 takes place 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, 2017, the Club received 18,193 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, 2017, was $40,614, 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 the above-referenced organizations 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 2013 through 2016 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2012 through 2016 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, 2017, the Club exceeded Federal Deposit Insurance Corporation coverage by approximately $1,730,000. 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, 2016 and for the year then ended, from which the summarized information was derived.

RECLASSIFICATIONS

Certain amounts in the summarized comparative totals for 2016 have been reclassified to conform to the 2017 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)*, 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 2016-02 *Leases (Topic 842)*. Entities that hold equipment and real estate leases, in particular those with operating leases, will be most affected by the new guidance. The amendments in ASU 2016-02 are expected to impact the statement is financial position by adding lease-related assets and liabilities. This may affect the compliance with contractual agreements and loan covenants. Current U.S. GAAP required only capital (finance) leases to be recognized in the statement of financial position and amounts related to operating leases largely are reflected in the statement of activities and changes in net assets as rent expense and in disclosure to the financial statements.

For operating leases, a lessee is required to do the following:

- Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position.

- Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis.

- Classify all cash payments within operating activities in the statement of cash flows.

In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply.

An entity that elects to apply practical expedients will, in effect, continue to account for leases that start before the effective date in accordance with previous U.S. GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous U.S. GAAP. The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2019. Early application is permitted. Management is evaluating the impact of this new guidance.

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

NEW ACCOUNTING STANDARDS (CONTINUED)

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*.

This standard eliminates:

- 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 NFP entities to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses.
- Requires NFP entities 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.

NFP entities 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 a NFP entity 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.

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

NEW ACCOUNTING STANDARDS (CONTINUED)

- Qualitative information that communicates how a NFP entity 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 entity'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.

NFP entities are required to adopt this standard for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of this new guidance.

On November 17, 2016, the FASB issued ASU 2016-18, *Restricted Cash*. The amendments require that the statement of cash flows explain the change during the period of total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

The amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Management is evaluating the impact of this new guidance.

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give as of September 30, 2017, consist of the following:

Unrestricted	$ 555,685
Temporarily restricted:	
Brighter Futures Capital Campaign	109,925
Allowance for doubtful promises to give	(7,945)
Total	$ 657,665

NOTE 2 - PROMISES TO GIVE (CONTINUED)

All promises to give are due in less than one year. At September 30, 2017, two donors comprise 49% 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 (the "Fund"), $8,229,277 as part of the BGCSF Mission Clubhouse, Inc.'s NMTC transaction (see Note 6). On June 22, 2017, the NMTC transaction was terminated and BGCSF exercised the put option. As a result, BGCSF controls the Fund, and the note was offset against an associated note payable. The note called 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, had 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, 2017, was $52,805.

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 Street 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, 2017, was $251,624. As of September 30, 2017, accrued interest receivable was $188,718 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 Street 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, 2017, was $50,000. As of September 30, 2017, 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.

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.

The following is a description of the valuation methodologies used for assets measured at fair value. There has been no change to the methodologies used during the year ended September 30, 2017.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Domestic Fixed Income Funds and Equity Securities

Fixed income funds and equity securities 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. Therefore, as a practical expedient, their fair values are estimated based on 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.

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 within the fair value hierarchy as of the actual date of the event or change in circumstance. There were no transfers between levels of the fair value hierarchy during the year ended September 30, 2017.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following table summarizes the Club's assets measured at fair value on a recurring basis as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
Investments				
Domestic fixed income funds	$ 2,836,126	$ --	$ --	$ 2,836,126
Equity securities:				
Domestic	1,046,681	--	--	1,046,681
International	974,371	--	--	974,371
Total Investments	$ 4,857,178	$ --	$ --	$ 4,857,178
Interest in the Net Assets of the Endowment Trust				
Cash	$ 765,387	$ --	$ --	$ 765,387
Equity securities:				
Domestic	14,606,112	--	--	14,606,112
International	11,953,016	--	--	11,953,016
Fixed income securities				
Domestic	9,461,582	--	--	9,461,582
International	91,676	--	--	91,676
Investments at fair value	$ 36,877,773	$ --	$ --	36,877,773
Investments measured at net asset value				2,987,875
Land at historical cost				650,919
Total Interest in the Net Assets of the Endowment Trust				$ 40,516,567
Beneficial Interest in Trusts	$ --	$ --	$ 800,589	$ 800,589

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, 2017:

	Net Investment Income	Net Realized and Unrealized Investment Gains	Total
Interest from notes receivable	$ 354,429	$ --	$ 354,429
Equity securities:			
Domestic	41,431	141,736	183,167
International	16,024	51,381	67,405
Fixed income funds:			
Domestic	48,476	5,954	54,430
International	--	7,537	7,537
Total	$ 460,360	$ 206,608	$ 666,968

The following table summarizes the activity for interest in the net assets of the Endowment Trust for the year ended September 30, 2017:

Balance - Beginning	$ 36,530,776
Change in net assets	4,390,227
BGCSF's Board designated investment in the Endowment Trust	1,593,169
Distributions to the Club	(1,997,605)
Balance - Ending	$ 40,516,567

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 55.39% unrestricted and 44.61% 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, 2017:

Balance - Beginning	$	776,866
Net unrealized gain		23,723
Balance - Ending	$	800,589

UNFUNDED COMMITMENTS AND REDEMPTION CHARACTERISTICS

The following table summarizes additional disclosures of investments whose fair value is estimated using net asset value per share as of September 30, 2017:

	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.	$ 2,667,599	$ --	N/A	Annually	90 days
Venture Investments Associates IV, L.P.	209,045	19,000	2018	*	*
DCM Affiliates Fund V, L.P.	111,231	--	N/A	*	*
Total Private Equity	$ 2,987,875	$ 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.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2017, consist of the following:

Buildings and improvements	$ 39,022,095
Land	4,349,017
Furnishings and equipment	1,001,028
Vehicles	485,740
Computer hardware	33,759
	44,891,639
Less: accumulated depreciation	(10,563,256)
Total	$ 34,328,383

For the year ended September 30, 2017, depreciation expense was $1,379,774.

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”).

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

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 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.

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.

Pursuant to the NMTC Exit Agreement dated June 22, 2017, the NMTC transaction was terminated.

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

MISSION 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 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 liabilities (i.e., the Leveraged Loan of the Investment Funds). The put option was exercised on June 22, 2017. As such, BGCSF controls the Fund and has forgiven the QLICI Loans of $11,040,000. Accordingly, Mission Clubhouse, Inc. has recognized income from debt forgiveness of $2,810,723.

The following are highlights of the agreement:

Put Option Agreement
The agreement between BGCSF (purchaser) and Chase (seller) permitted 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 period was from the last day of the tax credit investment period, June 9, 2017, for a period of ninety days.

Call Option Agreement
If the seller did not exercise the put option within the put option period, then the purchaser had the right and option at any time within ninety days after the put option period, 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 call option was not exercised.

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.

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

FULTON CLUBHOUSE, INC. (CONTINUED)

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 BGCSF LCD/SFCIF Investment Fund, LLC and BGCSF USBCDE Investment Fund, LLC. USB is the sole member of BGCSF LCD/SCFIF Investment Fund, LLC and BGCSF USBCDE 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 7) and paid fees of $460,000 to LCD New Markets Fund, LLC.

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 7) 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 7).

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

FULTON CLUBHOUSE, INC. (CONTINUED)

BGCSF's leverage loans related to the clubhouse total $21,376,125. In addition, BGCSF made an equity investment of $547,179 in Fulton Clubhouse, Inc.

FULTON CLUBHOUSE, INC. - PUT AND CALL AGREEMENTS

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 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 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.

The following are highlights of the 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.

NOTE 6 - NEW MARKETS TAX CREDIT (CONTINUED)

FULTON CLUBHOUSE, INC. - 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 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 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. On June 22, 2017, the NMTC transaction was terminated and the put option was exercised. As such, BGCSF controls the LCD New Markets Fund VIII, LLC, and has forgiven the notes payable. The property secured the notes payable. The notes called 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. was required to establish a separate reserve account to fund the first seven annual interest payments.

Mission Clubhouse, Inc. had 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, 2017, was $229,839, which included $96,884 of amortization of debt issuance costs.

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. The details of these borrowings are listed below.

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, 2017, was $507,595, which included $200,945 of amortization of debt issuance costs. As of September 30, 2017, 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, 2017, 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,	Amount
2018	$ --
2019	--
2020	--
2021	305,042
2022	919,780
Thereafter	29,440,178
Notes Payable	30,665,000
Debt issuance costs	1,406,612
Accumulated amortization	(854,014)
Debt Issuance Costs, Net	552,598
Total	$ 30,112,402

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 one month London Interbank Offered Rate (LIBOR), as published in the Wall Street Journal, plus 2.25%. The minimum rate is 2.50%. At September 30, 2017, the interest rate was 3.49%. The line of credit is secured by the Club's equipment, inventory, and accounts receivable. During the year ended September 30, 2017, there were no draws on the line of credit.

NOTE 9 - UNRESTRICTED NET ASSETS

Unrestricted net assets as of September 30, 2017, are as follows:

Net investment in property and equipment and related net assets	$ 25,859,609
Amounts designated by the Board of Governors for long-term investment, included in the Endowment Trust	21,897,115
Undesignated	6,568,515
Total	$ 54,325,239

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2017, are available for the following purposes:

Scholarship and Fine Arts Fund	$ 810,771
Beneficial interest in trusts - inherent time restrictions	800,589
Camp Mendocino	129,324
Brighter Futures Capital Campaign - inherent time restrictions	101,980
Brighter Futures Capital Campaign	34,326
Purple Kumquats	26,655
Total	$ 1,903,645

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 $18,619,452, 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. The Endowment Trust's instrument dictates the allocation of income. As such, 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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest in the net assets of the Endowment Trust	$ 21,897,115	$ --	$ 18,619,452	$ 40,516,567

CHANGES IN ENDOWMENT NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Trust Net Assets - Beginning	$ 19,059,118	$ --	$ 17,471,658	$ 36,530,776
Investment return:				
Investment income	420,229	--	313,849	734,078
Net realized and unrealized gains	1,931,105	--	1,725,044	3,656,149
Total investment return	2,351,334	--	2,038,893	4,390,227
Other changes:				
Transfers in	1,593,169	--	--	1,593,169
Transfers out	(1,106,506)	--	--	(1,106,506)
Appropriation of endowment assets for expenditure	--	--	(891,099)	(891,099)
Total other changes	486,663	--	(891,099)	(404,436)
Net change	2,837,997	--	1,147,794	3,985,791
Endowment Trust Net Assets - Ending	$ 21,897,115	$ --	$ 18,619,452	$ 40,516,567

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	$ 18,619,452

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 percentage.

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 which satisfy the restricted purposes or by the occurrence of other events specified by donors during the year ended September 30, 2017 as follows:

Brighter Futures Capital Campaign	$ 1,473,725
Endowment Trust	891,099
Camp Mendocino	134,592
Scholarship and Fine Arts Fund	133,042
Other	5,770
Total	$ 2,638,228

NOTE 14 - SPECIAL EVENTS

To supplement its fundraising activities, the Club held five major program/fundraising events during the year ended September 30, 2017. Activity for the year is as follows:

Gross revenue	$ 3,555,797
Less direct costs	(678,876)
Special Events Revenue, Net	$ 2,876,921

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 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, 2017, the Plan and the 403(b) Plan were consolidated into a new, single, contributory plan, the Boys & Girls Clubs of San Francisco Retirement Plan. Total contributions made to the plans by the Club were $264,837 for the year ended September 30, 2017.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

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. Management has estimated the fair market value of rent to be $240,000.

The Club is also obligated under non-cancelable operating leases, primarily for office equipment that expire at various dates through 2022. The terms of the leases require monthly base payments, which range from $138 to $2,063.

Rent expense for the year ended September 30, 2017, was $517,473.

The following is a schedule of minimum lease commitments for the years ending September 30. (The schedule does not include the annual rent balances due from BGCSF to Fulton Clubhouse, Inc. This lease expires on July 1, 2043.)

For the Years Ending September 30,		Amount
2018	$	47,774
2019		31,552
2020		21,760
2021		2,730
2022		1,512
Thereafter		20
Total	$	105,348

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, 2017, 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, 2017.

NOTE 18 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

During the year ended September 30, 2017, the put option related to the Mission Clubhouse, Inc.'s NMTC was exercised and BGCSF's note receivable of $8,229,277 and Mission Clubhouse, Inc.'s notes payable of $11,040,000 were forgiven.

During the year ended September 30, 2017, construction in progress in the amount of $139,764 was transferred to property and equipment.

During the year ended September 30, 2017, cash paid for interest for was $579,388.

NOTE 19 - SUBSEQUENT EVENTS

The Club has evaluated all subsequent events through February 23, 2018, the date the consolidated financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified.

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2017

	Boys & Girls Clubs of San Francisco	BGCSF Mission Clubhouse, Inc.	BGCSF Fulton Clubhouse, Inc.	Elimination Increase (Decrease)	Consolidated Total
Assets					
Cash and cash equivalents	$ 1,727,633	$ --	$ 38,871	$ --	$ 1,766,504
Accounts receivable	227,314	--	227,881	(227,881)	227,314
Grants receivable	649,692	--	--	--	649,692
Promises to give, net	657,665	--	--	--	657,665
Prepaid expenses	270,595	--	--	--	270,595
Notes receivable	21,376,125	--	--	--	21,376,125
Investments	5,868,070	--	--	(1,010,892)	4,857,178
Interest in the net assets of the Endowment Trust	40,516,567	--	--	--	40,516,567
Beneficial interest in trusts	800,589	--	--	--	800,589
Cash restricted for interest	--	--	30,231	--	30,231
Cash restricted for long-term purposes	193,661	--	562,378	--	756,039
Property and equipment, net	7,617,715	7,947,541	23,403,177	(4,640,050)	34,328,383
Construction in progress	188,621	--	--	--	188,621
Inter-entity receivable (payable)	(59,995)	--	59,995	--	--
Total Assets	$ 80,034,252	$ 7,947,541	$ 24,322,533	$ (5,878,823)	$ 106,425,503

See independent auditors' report.

BOYS & GIRLS CLUBS OF SAN FRANCISCO AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2017

	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	$ 816,772	$ --	$ 229,988	$ (227,881)	$ 818,879
Accrued salaries and benefits	587,834	--	--	--	587,834
Deferred revenue	58,052	--	--	--	58,052
Notes payable, net	--	--	30,112,402	--	30,112,402
Total Liabilities	1,462,658	--	30,342,390	(227,881)	31,577,167
Net Assets (Deficit)					
Unrestricted	58,048,497	7,947,541	(6,019,857)	(5,650,942)	54,325,239
Temporarily restricted	1,903,645	--	--	--	1,903,645
Permanently restricted	18,619,452	--	--	--	18,619,452
Total Net Assets (Deficit)	78,571,594	7,947,541	(6,019,857)	(5,650,942)	74,848,336
Total Liabilities and Net Assets	$ 80,034,252	$ 7,947,541	$ 24,322,533	$ (5,878,823)	$ 106,425,503

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, 2017

	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:								
Government	$ 2,687,242	$ --	$ --	$ 2,687,242	$ --	$ --	$ --	$ 2,687,242
Individuals	1,260,037	1,078,083	--	2,338,120	--	--	--	2,338,120
Foundations and trusts	1,819,803	10,500	--	1,830,303	--	--	--	1,830,303
Bequests	575,707	--	--	575,707	--	--	--	575,707
Federal awards	279,793	--	--	279,793	--	--	--	279,793
Corporate	248,360	15,000	--	263,360	--	--	--	263,360
Change in the interest in the net assets of the Endowment Trust	2,351,334	--	2,038,893	4,390,227	--	--	--	4,390,227
Special events, net	2,838,082	38,839	--	2,876,921	--	--	--	2,876,921
In-kind contributions	1,466,510	--	--	1,466,510	--	7,996	--	1,474,506
Change in beneficial interest in trusts	--	23,723	--	23,723	--	--	--	23,723
Net assets released from restrictions	2,638,228	(1,747,129)	(891,099)	--	--	--	--	--
Total Public Support	16,165,096	(580,984)	1,147,794	16,731,906	--	7,996	--	16,739,902
Revenue								
Rental income	515,184	--	--	515,184	142,500	304,697	(447,197)	515,184
Net investment income	485,497	24,782	--	510,279	13	266	(50,198)	460,360
Other investment income	365,293	--	--	365,293	--	--	--	365,293
Camp fees	203,093	--	--	203,093	--	--	--	203,093
Net realized and unrealized investment gains	156,840	49,768	--	206,608	--	--	--	206,608
Miscellaneous income	104,081	--	--	104,081	--	--	--	104,081
Membership dues	78,700	--	--	78,700	--	--	--	78,700
Net program incidental revenue	84,481	4,115	--	88,596	--	--	--	88,596
Loss on sale of property	(1,195)	--	--	(1,195)	--	--	--	(1,195)
Total Revenue	1,991,974	78,665	--	2,070,639	142,513	304,963	(497,395)	2,020,720
Total Public Support and Revenue	18,157,070	(502,319)	1,147,794	18,802,545	142,513	312,959	(497,395)	18,760,622

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, 2017

	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	$ 11,713,266	$ --	$ --	$ 11,713,266	$ 427,708	$ 1,303,069	$ (497,395)	$ 12,946,648
Supporting Services								
Management and general	1,618,494	--	--	1,618,494	--	--	--	1,618,494
Fundraising	1,587,060	--	--	1,587,060	--	--	--	1,587,060
Total Supporting Services	3,205,554	--	--	3,205,554	--	--	--	3,205,554
Total Expenses	14,918,820	--	--	14,918,820	427,708	1,303,069	(497,395)	16,152,202
Other Income (Expenses)								
New Markets Tax Credit debt forgiveness	(7,901,333)	--	--	(7,901,333)	10,712,056	--	--	2,810,723
Bad debt expense	(28,609)	--	--	(28,609)	--	--	--	(28,609)
Total Other Income (Expenses)	(7,929,942)	--	--	(7,929,942)	10,712,056	--	--	2,782,114
Change in Net Assets	(4,691,692)	(502,319)	1,147,794	(4,046,217)	10,426,861	(990,110)	--	5,390,534
Net Assets (Deficit) - Beginning	62,740,189	2,405,964	17,471,658	82,617,811	(2,943,033)	(5,576,926)	(4,640,050)	69,457,802
Investment in BGCSF Mission Clubhouse, Inc.	--	--	--	--	463,713	--	(463,713)	--
Investment in BGCSF Fulton Clubhouse, Inc.	--	--	--	--	--	547,179	(547,179)	--
Net Assets (Deficit) - Ending	$ 58,048,497	$ 1,903,645	$ 18,619,452	$ 78,571,594	$ 7,947,541	$ (6,019,857)	$ (5,650,942)	$ 74,848,336

See independent auditors' report.