

Financial Statements Together with  
Report of Independent Certified Public Accountants

**BOYS AND GIRLS HARBOR, INC.**

For the year ended June 30, 2017,  
with comparative information for the year ended June 30, 2016

# BOYS AND GIRLS HARBOR, INC.

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
**Boys and Girls Harbor, Inc.:**

We have audited the accompanying financial statements of Boys and Girls Harbor, Inc. (the “Harbor”), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management’s responsibility for the financial statements**

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

### **Auditor’s responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Harbor, Inc., as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Report on 2016 summarized comparative information**

We have previously audited the Harbor's 2016 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2017. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

New York, New York  
December 1, 2017

**BOYS AND GIRLS HARBOR, INC.**  
**Statement of Financial Position**  
**As of June 30, 2017, with comparative information for 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 261,332	\$ 663,695
Investments	5,842,829	7,054,290
Government grants and program fees receivable, net of allowances for doubtful accounts of \$0 and \$4,469 at June 30, 2017 and 2016, respectively	487,446	838,564
Pledges receivable, net of allowance of \$25,000 and \$0, and discount of \$970 and \$1,939 at June 30, 2017 and 2016, respectively	24,030	206,234
Prepaid expenses and other assets	711	98,091
Due from related party	21,077	53,495
Cash surrender value of life insurance	230,600	211,286
Fixed assets, net	<u>904,523</u>	<u>1,056,906</u>
Total assets	<u>\$ 7,772,548</u>	<u>\$ 10,182,561</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 154,316	\$ 245,323
Accrued payroll and related liabilities	338,800	383,723
Deferred compensation	626,820	643,158
Deferred revenue and refundable advances	65,165	68,053
Capital lease obligation	226,929	290,242
Due to funding source	<u>344,460</u>	<u>457,971</u>
Total liabilities	<u>1,756,490</u>	<u>2,088,470</u>
Commitments and contingencies		
<b>NET ASSETS</b>		
Unrestricted	1,457,961	3,010,994
Temporarily restricted	25,000	50,000
Permanently restricted	<u>4,533,097</u>	<u>5,033,097</u>
Total net assets	<u>6,016,058</u>	<u>8,094,091</u>
Total liabilities and net assets	<u>\$ 7,772,548</u>	<u>\$ 10,182,561</u>

*The accompanying notes are an integral part of this financial statement.*

**BOYS AND GIRLS HARBOR, INC.**  
**Statement of Activities**  
**For the year ended June 30, 2017, with comparative totals for 2016**

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUES AND SUPPORT</b>					
Government and Foundation grants	\$ 3,824,436	\$ -	\$ -	\$ 3,824,436	\$ 4,258,104
Program service fees and studio rental	435,579	-	-	435,579	615,588
Management fee income	144,444	-	-	144,444	214,812
General contributions	565,864	11,222	-	577,086	679,914
Legacies and bequests	10,000	-	-	10,000	206,192
In-kind contributions	127,958	24,250	-	152,208	78,079
Investment return	256,222	-	-	256,222	(745,142)
Other income	476,393	-	-	476,393	114,298
Total revenues and support before special events	<u>5,840,896</u>	<u>35,472</u>	<u>-</u>	<u>5,876,368</u>	<u>5,421,845</u>
Special events revenue	446,677	-	-	446,677	366,351
Cost of direct benefits to donors	<u>(317,865)</u>	<u>-</u>	<u>-</u>	<u>(317,865)</u>	<u>(68,247)</u>
Net revenue from special events	<u>128,812</u>	<u>-</u>	<u>-</u>	<u>128,812</u>	<u>298,104</u>
Net assets released from restrictions and redesignations	<u>560,472</u>	<u>(60,472)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>6,530,180</u>	<u>(25,000)</u>	<u>(500,000)</u>	<u>6,005,180</u>	<u>5,719,949</u>
<b>EXPENSES</b>					
Program services:					
Early learning preschool	1,879,159	-	-	1,879,159	2,640,157
After school	3,401,403	-	-	3,401,403	2,854,654
Performing arts	<u>204,702</u>	<u>-</u>	<u>-</u>	<u>204,702</u>	<u>697,634</u>
Total program services	<u>5,485,264</u>	<u>-</u>	<u>-</u>	<u>5,485,264</u>	<u>6,192,445</u>
Supporting services:					
Management and general	2,144,457	-	-	2,144,457	2,015,179
Development	<u>453,492</u>	<u>-</u>	<u>-</u>	<u>453,492</u>	<u>655,895</u>
Total supporting services	<u>2,597,949</u>	<u>-</u>	<u>-</u>	<u>2,597,949</u>	<u>2,671,074</u>
Total expenses	<u>8,083,213</u>	<u>-</u>	<u>-</u>	<u>8,083,213</u>	<u>8,863,519</u>
Changes in net assets	(1,553,033)	(25,000)	(500,000)	(2,078,033)	(3,143,570)
Net assets, beginning of year	<u>3,010,994</u>	<u>50,000</u>	<u>5,033,097</u>	<u>8,094,091</u>	<u>11,237,661</u>
Net assets, end of year	<u>\$ 1,457,961</u>	<u>\$ 25,000</u>	<u>\$ 4,533,097</u>	<u>\$ 6,016,058</u>	<u>\$ 8,094,091</u>

*The accompanying notes are an integral part of this financial statement.*

**BOYS AND GIRLS HARBOR, INC.**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2017, with comparative totals for 2016**

	Early Learning		Performing Arts	Total Program Services	Management and Development		Total Supporting Services	Total	
	Preschool	After School			General	Development		2017	2016
Salaries	\$ 939,318	\$ 1,708,568	\$ 107,658	\$ 2,755,544	\$ 539,249	\$ 227,059	\$ 766,308	\$ 3,521,852	\$ 4,073,450
Employee benefits and payroll taxes	184,153	278,017	49,446	511,616	141,201	24,568	165,769	677,385	661,327
Severance and related expenses	-	-	-	-	49,233	-	49,233	49,233	13,171
Total salaries and related expenses	1,123,471	1,986,585	157,104	3,267,160	729,683	251,627	981,310	4,248,470	4,747,948
Other expenses:									
Professional fees	107,009	347,182	12,487	466,678	209,922	65,227	275,149	741,827	797,585
Community Outreach - marketing	308	3,532	-	3,840	332	9,616	9,948	13,788	23,348
Contract services	39,078	93,281	125	132,484	109,079	1,905	110,984	243,468	274,569
Repairs and maintenance	14,590	650	1,930	17,170	-	-	-	17,170	35,369
Occupancy	320,472	522,384	5,388	848,244	964,577	12,384	976,961	1,825,205	1,755,728
Telephone	1,354	1,634	1,354	4,342	46,369	1,205	47,574	51,916	15,982
Meetings and travel	3,795	19,875	38	23,708	1,149	(366)	783	24,491	31,700
Student travel	3,988	87,190	1,175	92,353	-	-	-	92,353	101,426
Office expense	677	1,372	181	2,230	35,897	23,809	59,706	61,936	103,090
Scholarships and stipends	-	-	-	-	-	-	-	-	7,394
Program supplies and related expenses	21,679	84,047	1,391	107,117	-	-	-	107,117	191,418
Food expenses	132,310	53,583	380	186,273	-	8,570	8,570	194,843	232,270
Computer expense	-	475	-	475	-	-	-	475	1,287
Equipment rental	952	7,048	446	8,446	4,471	-	4,471	12,917	28,184
Insurance	43,285	146,109	13,968	203,362	1,732	-	1,732	205,094	214,863
Bank charges	3,796	3,028	1,961	8,785	10	10,426	10,436	19,221	33,172
Bad debt expense	-	1,244	185	1,429	-	69,089	69,089	70,518	30,311
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	48,264
Other expenses	-	-	-	-	21	-	21	21	-
Total expenses before depreciation and amortization	1,816,764	3,359,219	198,113	5,374,096	2,103,242	453,492	2,556,734	7,930,830	8,673,908
Depreciation and amortization	62,395	42,184	6,589	111,168	41,215	-	41,215	152,383	189,611
Total expenses	\$ 1,879,159	\$ 3,401,403	\$ 204,702	\$ 5,485,264	\$ 2,144,457	\$ 453,492	\$ 2,597,949	\$ 8,083,213	\$ 8,863,519

*The accompanying notes are an integral part of this financial statement.*

# BOYS AND GIRLS HARBOR, INC.

## Statement of Cash Flows

For the year ended June 30, 2017, with comparative information for 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,078,033)	\$ (3,143,570)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in cash surrender value of life insurance	(19,314)	(24,898)
Depreciation and amortization	152,383	189,611
Change in provision for bad debts	19,562	30,311
Loss on disposal of fixed assets	-	48,264
In-kind donated equipment	-	(10,000)
Gifts of stock	(189,356)	-
Net realized and unrealized (gains) losses on investments	(242,735)	752,527
Changes in assets and liabilities		
Government grants and program fees receivable	355,587	(157,872)
Pledges receivable	158,173	198,939
Prepaid expenses and other assets	97,380	(47,620)
Due from related parties	32,418	176,345
Accounts payable and other liabilities	(91,007)	(91,274)
Accrued payroll and related liabilities	(44,923)	(25,046)
Due to funding source	(113,511)	(52,313)
Deferred compensation	(16,338)	(15,511)
Deferred revenue and refundable advances	(2,888)	29,637
Net cash used in operating activities	<u>(1,982,602)</u>	<u>(2,142,470)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	-	(22,726)
Purchases of investments	(214,550)	(3,955,954)
Proceeds from sale of investments	<u>1,858,102</u>	<u>6,542,251</u>
Net cash provided by investing activities	<u>1,643,552</u>	<u>2,563,571</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease obligation	<u>(63,313)</u>	<u>(68,026)</u>
Net cash used in financing activities	<u>(63,313)</u>	<u>(68,026)</u>
Net (decrease) increase in cash and cash equivalents	(402,363)	353,075
Cash and cash equivalents, beginning of year	<u>663,695</u>	<u>310,620</u>
Cash and cash equivalents, end of year	<u>\$ 261,332</u>	<u>\$ 663,695</u>
Supplemental disclosure:		
Assets acquired under capital lease agreement	<u>\$ -</u>	<u>\$ 281,493</u>

*The accompanying notes are an integral part of this financial statement.*



# BOYS AND GIRLS HARBOR, INC.

## Notes to Financial Statements

June 30, 2017

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### 1. NATURE OF ORGANIZATIONS

The mission of Boys and Girls Harbor (the “Harbor”) is to empower children and their families to become full, productive participants in society through education, cultural enrichment, and social services. It is an education and arts focused organization that provides comprehensive academic training and social emotional development, enriched by the performing arts to build intellectual character. In fiscal 2017, approximately 700 students were enrolled with ages ranging from 18 months to adult.

- *The Emily N. Carey Harbor Preschool* is licensed by the New York City (“NYC”) Department of Health and Mental Hygiene and the Bureau of Childcare with 113 student capacity. Operating year-round, children ages 18 months to five years old are enrolled. The Harbor Preschool’s mission is to prepare its young students academically for kindergarten, enabling them to acquire the habits, knowledge and skills necessary to be successful in any school community. Teachers are qualified and instruct using research-based curricula aligned with Common Core Standards and NYC Administration for Children’s Services (“ACS”) Early Learn standards. Multiple modes of evaluation and assessment track each child’s progress through developmental and academic milestones. Learning is enriched by: literacy skills, music and movement, a variety of educational experiences and outdoor play. The Harbor Preschool is funded by the NYC ACS, and private funders, and is assisted by an active Parent Advisory Council. In Spring 2017, all exiting five year olds continuously enrolled for two years were assessed as kindergarten-ready through the Bracken School Readiness Tests’ composite score.
- *Harbor Afterschool* delivers academic and performing arts education during the afterschool hours and seven weeks in the summer. Annually over 400 students from low and moderate income families receive tools that empower their higher academic achievement and self-determination. Students’ needs are addressed through a mix of educational and enrichment activities, based upon Individual Learning Plans. Academics are reinforced by coaching and instruction in reading, writing, math, and science enriched by hands-on activities and online learning that develops critical, reflective, and creative thinking skills. Affective development and social-emotional strength are developed through age-appropriate peer groups and health and wellness workshops. Group dance and team sports develop physical stamina, sportsmanship, and cooperation. Harbor Afterschool is also funded by New York State (“NYS”) Office of Alcoholism and Substance Abuse Services, NYS Office of Children and Family Services, NYS Education Department, NYC Department of Youth and Community Development, and private funders.
- *The Harbor Performing Arts Academy* is a key component of Boys & Girls Harbor’s Educational Model. The Performing Arts academy annually trains more than 500 students under the age of 20 Mondays through Saturdays and for six weeks during the summer, and it is an important platform for integrating the performing arts into the curricula and activities across all of the Harbor’s programs. The Harbor Performing Arts Academy provides music, dance, and theatre instruction to individuals of all ages and from throughout the five boroughs. Diverse music genres are explored such as: Classical, Latin, Jazz, and vocal music, musical theory and harmony, and individual instrumental classes in percussion and string. Dance instruction includes ballet, tap, Latin jazz, African folkloric, hip-hop, and modern. Theatre classes include scene study, acting technique, and musical theatre. The Performing arts Academy is funded by the NYS Council on the Arts and NYC Department of Cultural Affairs and private funders.

# BOYS AND GIRLS HARBOR, INC.

## Notes to Financial Statements

June 30, 2017

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The Harbor is affiliated through a common officer and board member with the East Harlem Arts & Education Local Development Corp. (“EHA” or “East Harlem LDC”), a New York nonprofit corporation. The Harbor does not have an economic interest in either organization.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The financial statements of the Harbor have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### Net Asset Accounting

The classification of a not-for-profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions, as follows:

**Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Harbor is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Harbor.

**Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Harbor is limited by donor-imposed stipulations that either expire by passage of time and/or can be fulfilled and removed by actions of the Harbor pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments is reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

### Cash and Cash Equivalents

Cash equivalents include money market funds, investment sweep accounts and certificates of deposit with original maturities of three months or less from the date of purchase.

### Fair Value Measurements

The Fair Value Standard defines fair value and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Harbor would use in pricing the Harbor’s assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Harbor are traded. The Harbor estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or

**BOYS AND GIRLS HARBOR, INC.**  
**Notes to Financial Statements**  
**June 30, 2017**

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similar assets would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is divided into three levels based on the degree to which the exit price is independently observable or determinable as follows:

- Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities that are actively traded on a major exchange.
- Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. Most debt securities, preferred stocks, certain equity securities, short-term investments and derivatives are model priced using observable inputs and are classified with Level 2.
- Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments, and limited liability investment companies

The Harbor also measures certain investments using a net asset value ("NAV") per share which is exempted from categorization within the fair value hierarchy and related disclosures. Instead, the Harbor separately discloses the information required for assets measured using the NAV practical expedient, and discloses a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the financial statements.

### **Investments**

Investments in mutual funds, equity and debt securities are stated at their fair value in the statement of financial position. Net realized and unrealized gains and losses for the period are shown in the statement of activities. Donated securities are recorded at fair value on the date of gift.

### **Investments in Limited Partnerships and Investment Companies**

Certain limited partnerships and corporate investments have no readily-determinable market value and are valued at fair value as estimated by the general partners and corporations. Because of the inherent uncertainty of valuation, it is reasonably possible that estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, certain investments may also have risk associated with its concentrations of investments in one geographic region and in certain industries. The limited partnership's ability to liquidate certain of its investments may be inhibited since the issuers may be privately held or the limited partnership may own a relatively large portion of the issuers' equity securities.

### **Contributions, Legacies and Bequests**

The Harbor reports unconditional promises to give as contributions. If amounts are expected to be collected in less than one year, they are recorded at their estimated realizable value. If contributions receivable are to be paid to the Harbor over a period of years, they are recorded at the present value of their estimated future cash flows using an appropriate discount rate commensurate with the risks involved. Allowances are recorded for estimated uncollectible contributions based on management's judgment, past collection experience and other relevant factors.

# BOYS AND GIRLS HARBOR, INC.

## Notes to Financial Statements

June 30, 2017

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Contributions and promises to give are recorded as revenue when either unsolicited cash is received or when donors make an unconditional promise to give. Contributions and promises to give are classified as either unrestricted, temporarily restricted, or permanently restricted support, based on donor's intent. Conditional contributions, including intentions to give, are not recognized until they become unconditional, that is when the conditions are substantially met.

### Fixed Assets

The Harbor capitalizes fixed assets purchased in excess of \$5,000. The cost of property and equipment is depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold and building improvements are amortized over the lesser of the life of the lease or asset. The estimated useful lives of the assets are as follows:

Leasehold improvements	5 - 40 years
Computer equipment	5 - 7 years
Furniture and Fixtures	3 - 7 years
Equipment	5 - 7 years
Collectibles	5 years

### Third-Party Reimbursements and Revenue Recognition

The Harbor receives reimbursement for services provided to approved individuals from third-party reimbursement agencies; primarily the U.S. Department of Agriculture, the U.S. Department of Health and Human Services, NYS Education Department, NYS Office of Alcoholism and Substance Abuse Services, NYS Office of Children and Family Services, NYS Department of Health, NYC Department of Education, NYC Department of Youth and Community Development, and NYC Administration for Children's Services.

Revenue is recognized from cost reimbursement contracts when expenses are incurred in accordance with the agreement terms. Advances are reflected as deferred revenue in the statement of financial position.

### Provision for Doubtful Accounts

The Harbor reserves for uncollectible accounts receivable based on prior years' experience and management's analysis and evaluation of specific receivables. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary. Receivables are written-off when deemed uncollectable.

### Income Taxes

The Harbor follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

# **BOYS AND GIRLS HARBOR, INC.**

## **Notes to Financial Statements**

**June 30, 2017**

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The Harbor is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Harbor has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income); to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Harbor has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements

### **In-Kind Contributions**

In-kind contributions are recognized as revenue and expenses if contributions create or enhance nonfinancial assets or they require specialized skills and are provided by individuals possessing such skills.

### **Use of Estimates**

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

### **Functional Allocation of Expenses**

Expenses directly identified with the program or supporting service activities are charged to the related activity accordingly. Other expenses are allocated among the program and supporting services benefited.

### **Concentration of Credit Risk**

Financial instruments which potentially subject the Harbor to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Harbor has cash deposits at financial institutions, which exceed the Federal Depository Insurance Corporation insurance limits. Management does not believe that a significant risk of loss due to the failure of a financial institution the Harbor utilizes is likely.

### **Comparative Financial Information**

The financial statements include certain prior year summarized comparative information. 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 prior year financial statements from which the summarized information was derived. With respect to the statement of activities, the prior year information is not presented by net asset class. With respect to the statement of functional expenses, the prior year expenses by natural expense classification are presented in total rather than by functional category.

### **Liquidity**

The Harbor has experienced ongoing operating deficits which have reduced its unrestricted net assets to \$1,457,961 at June 30, 2017. The Harbor and its Board of Directors are contemplating a variety of actions to address its operating deficits, including:

- their focus is to continually seek to raise funds from the Board as well as third-parties in line with the Harbor's historical fundraising track record and commitments received;
- implementing strategic reductions to program expenses, if necessary, to reduce significant operating deficits;
- seeking approval of donors or other approvals necessary to eliminate restrictions on assets; and/or
- considering various strategic alternatives with other charitable organizations.

**BOYS AND GIRLS HARBOR, INC.**  
**Notes to Financial Statements**  
**June 30, 2017**

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**Subsequent Events**

The Harbor's management has performed subsequent events procedures through December 1, 2017, the date the financial statements were available to be issued. The Harbor is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**3. INVESTMENTS**

At June 30, 2017 and 2016, the Harbor's investments consisted of the following:

	<u>2017</u>	<u>2016</u>
Marketable equity securities	\$ 73,481	\$ 83,590
Marketable mutual funds	74,017	66,654
Money market	5,446,687	2,175,866
Investments in limited partnerships and other investment companies	153,301	4,632,837
Certificates of deposit	<u>95,343</u>	<u>95,343</u>
	<u>\$ 5,842,829</u>	<u>\$ 7,054,290</u>

At June 30, 2017 and 2016, the Harbor held money market accounts totaling \$5,446,687 and \$2,175,866, respectively, and eight certificates of deposit totaling \$95,343 and \$95,343, respectively. The certificates of deposit expire after June 2017 and have interest rates ranging from 0.1% to 0.8%. These investments do not meet the definition of a security under U.S. GAAP and have been excluded from the fair value hierarchy tables within Note 5.

At June 30, 2017 and 2016, investment return consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 13,487	\$ 7,385
Net realized and unrealized gains (losses)	<u>242,735</u>	<u>(752,527)</u>
	<u>\$ 256,222</u>	<u>\$ (745,142)</u>

Investment expenses for the years ended June 30, 2017 and 2016 totaled \$4,539 and \$6,575, respectively, and are netted against investment returns in the accompanying statement of activities.

**4. INVESTMENTS IN LIMITED PARTNERSHIPS AND OTHER INVESTMENT COMPANIES**

Limited partnerships and other investment companies invest in various domestic and international types of securities and derivative financial instruments. In general, risks associated with such investments include those related to their underlying investments.

There can be no assurance that the Harbor will receive any returns on its investments in limited partnerships and other investment companies. In addition, there can be no assurance that the Harbor will receive a return of all or any portion of its current or future capital investments in limited partnerships and other investment companies. The failure of the Harbor to receive the return of a material portion of its capital investments

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in these investments, or to achieve historic levels of returns on such investments, could have an adverse effect on the Harbor's financial condition and results of operations. As of June 30, 2017, the Harbor was not committed to contribute additional capital.

**5. FINANCIAL INSTRUMENTS AND FAIR VALUE**

A description of the valuation techniques applied to the Harbor's major categories of assets measured at fair value is as follows:

**Marketable Equity Securities**

Investments are valued using active, high volume trades for identical securities (i.e. Level 1).

**Mutual Funds**

Mutual funds are valued at NAV of shares held by the Harbor at year end. The mutual funds are traded at quoted prices through the National Securities Clearing Corporation and are classified as Level 1 and Level 2 within the fair value hierarchy.

**U.S. Government and U.S. Government Agency Securities**

Comprised primarily of bonds issued by the U.S. Treasury. The fair values of U.S. government securities are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy. The Harbor believes the market for U.S. Treasury securities is an actively traded market given the high level of daily trading volume.

**Corporate Bonds**

Comprised of bonds issued by corporations that on acquisition are rated BBB-/Baa3 or higher provided that, in the aggregate, do not constitute more than 5% of the market value of fixed income securities and are diversified across a wide range of issuers and industries. These securities are generally priced by pricing services. The fair values of corporate bonds that are short term are priced, by the pricing services, using the spread above the London Interbank Offering Rate yield curve and the fair value of corporate bonds that are long term are priced using the spread above the risk-free yield curve. The spreads are sourced from broker/dealers, trade prices and the new issue market. Where pricing is unavailable from pricing services, the Harbor obtains non-binding quotes from broker-dealers. As the significant inputs used to price corporate bonds are observable market inputs, the fair values of corporate bonds are included in the Level 2 fair value hierarchy.

**Investments in Limited Partnerships**

Alternative investments are those made in limited partnerships and other investment partnerships, all of which are valued based on unobservable inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, their fair value is estimated using information provided to the Harbor by the investment managers or general partners. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly-traded securities, and other investment vehicles.

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The investments may indirectly expose the Harbor to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments contain varying degrees of risk, the Harbor's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors.

The Harbor does not directly invest in the underlying securities of the investment funds and due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

The following tables show, by level within the fair value hierarchy, the Harbor's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2017 and 2016.

<b>2017</b>					
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments Reported at Net Asset Value</b>	<b>Balance as of June 30, 2017</b>
<b>Assets:</b>					
Marketable equity securities:					
Common stock - health care industry	6,617	\$ -	\$ -	\$ -	6,617
Common stock - financial services	50,238	-	-	-	50,238
Common stock - information technology	16,626	-	-	-	16,626
Marketable mutual funds:					
Emerging Markets Domestic Debt Fund	7,469	-	-	-	7,469
Mutual of America Moderate Allocation Fund	-	32,365	-	-	32,365
Mutual of America Aggressive Allocation Fund	-	34,183	-	-	34,183
Money market	5,446,687	-	-	-	5,446,687
Investments in limited partnerships and other investment companies	-	-	-	153,301	153,301
	<u>\$ 5,527,637</u>	<u>\$ 66,548</u>	<u>\$ -</u>	<u>\$ 153,301</u>	<u>\$ 5,747,486</u>
<b>2016</b>					
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments Reported at Net Asset Value</b>	<b>Balance as of June 30, 2016</b>
<b>Assets:</b>					
Marketable equity securities:					
Common stock	\$ 26,679	\$ -	\$ -	\$ -	\$ 26,679
Common stock - health care industry	6,936	-	-	-	6,936
Common stock - financial services	33,986	-	-	-	33,986
Common stock - information technology	15,989	-	-	-	15,989
Marketable mutual funds:					
Emerging Markets Domestic Debt Fund	7,274	-	-	-	7,274
Mutual of America Moderate Allocation Fund	-	29,358	-	-	29,358
Mutual of America Aggressive Allocation Fund	-	30,022	-	-	30,022
Investments in limited partnerships and other investment companies	-	-	-	4,632,837	4,632,837
	<u>\$ 90,864</u>	<u>\$ 59,380</u>	<u>\$ -</u>	<u>\$ 4,632,837</u>	<u>\$ 4,783,081</u>



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Investments for which fair value is estimated using reported NAV, or the equivalent, are summarized as follows as of June 30, 2017:

	<u>Number of Funds</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Lock-up</u>
Limited partnerships:						
Hedge funds	1	\$ 153,301	\$ -	Semi- annually	90 days	None

Investments for which fair value is estimated using reported NAV, or the equivalent, are summarized as follows as of June 30, 2016:

	<u>Number of Funds</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Lock-up</u>
Limited partnerships:						
Hedge funds	6	\$ 4,632,837	\$ -	Quarterly - bi-annually	45-90 days	1 fund with rolling two-year lock-up

**6. PLEDGES RECEIVABLE, NET**

At June 30, 2017 and 2016, pledges receivable, net, consisted of amounts due from the following:

	<u>2017</u>	<u>2016</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 50,000	\$ 158,173
One to three years	<u>-</u>	<u>50,000</u>
	50,000	208,173
Less: Allowance for doubtful accounts	(25,000)	-
Less: Discount to present value	<u>(970)</u>	<u>(1,939)</u>
	<u>\$ 24,030</u>	<u>\$ 206,234</u>

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**7. FIXED ASSETS, NET**

At June 30, 2017 and 2016, fixed assets, net, stated at cost, consisted of the following:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 1,523,337	\$ 1,662,869
Computer equipment	45,747	76,707
Furniture and fixtures	42,834	42,834
Equipment	<u>447,073</u>	<u>447,073</u>
	2,058,991	2,229,483
Less: Accumulated depreciation	<u>(1,154,468)</u>	<u>(1,172,577)</u>
Fixed assets, net	<u>\$ 904,523</u>	<u>\$ 1,056,906</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$152,383 and \$189,611, respectively.

**8. IN-KIND CONTRIBUTIONS**

During fiscal years 2017 and 2016, the Harbor received in-kind contributions for a telephone system; and, legal and real estate services provided at no cost to the Harbor. The value of these contributed services and equipment have been included in the financial statements as in-kind contributions, equipment and professional fees totaling \$152,208 and \$78,079 for the years ended June 30, 2017 and 2016, respectively.

**9. CASH SURRENDER VALUE OF LIFE INSURANCE**

The Harbor is the owner and beneficiary of life insurance policies carried on the lives of certain key employees, bearing a face value amounts ranging from \$163,000 to \$300,000. Premium expense is offset by the annual increase in the cash surrender value of the insurance policies.

**10. PARENT FEES - CHILD CARE**

Amounts received from ACS are net of parent fees collected. Included in program service fees and studio rental on the accompanying statement of activities are parent fees collected by the Harbor, which for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Parent fees collected	<u>\$ 201,326</u>	<u>\$ 133,571</u>

**11. ACS ACCRUED VACATION**

Total accrued vacation charged to ACS fund programs as of June 30, 2017 totaled \$11,107 which includes FICA of \$789. There were no such accrued charges as of June 30, 2016.

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### 12. RELATED PARTY TRANSACTIONS

The Harbor subleases about 41 percent of a New York City owned property from the East Harlem LDC, who holds the master lease with New York City. The East Harlem LDC subleases the property to various not-for-profit entities engaged in the fields of arts and education. The tenants' sub-rents are their portioned share based on square footage of the master lease, operating and capital budgeted expenditures. The East Harlem LDC board, which the Harbor appoints four of the seven possible board members, prepares the operating budgets which is approved by the New York City Office of Management and Budget. In fiscal 2017, two of the seven slots were vacant. The East Harlem Tenant Council, which the Harbor appoints two of the five board members, approves the capital budgets. In 2017 and 2016, the Harbor paid \$1,825,205 and \$1,755,728, respectively, in rent (i.e. occupancy expense) to East Harlem LDC.

The Harbor provides certain management services to the East Harlem LDC and the East Harlem LDC provides custodial services to the Harbor under the terms and conditions of two Memorandums of Understandings ("MOU") approved by both Boards. The Harbor management fees and the East Harlem LDC custodian fees are \$144,444 and \$214,812, respectively. The amounts payable to East Harlem LDC as of June 30, 2017 and 2016 were \$0 and \$61,162, respectively. As part of its management services, the Harbor pays for certain expenses on behalf of East Harlem LDC, such as healthcare, telephone and messenger and delivery costs. In 2017 and 2016, the Harbor charged and was reimbursed East Harlem LDC \$342,973 and \$363,946, respectively, for these costs. The amounts due from East Harlem LDC as of June 30, 2017 and 2016 were \$21,077 and \$53,495, respectively.

### 13. COMMITMENTS AND CONTINGENCIES

The Harbor subleases property from the East Harlem LDC, who holds a master lease with New York City. East Harlem LDC received approval from the City on its final (10) year renewal term on its lease commencing on August 2015 and expiring on July 31, 2025. The Harbor's annual rent for fiscal year 2018 will be \$1,762,735, which is based on a rate per square foot of \$36.85. The rate per square foot represents a portion of the budgeted expenditures to manage the Heckscher Building, including but not limited to repairs, maintenance, utility and security cost. The annual budget is approved by the East Harlem Arts & Education (East Harlem) LDC Board; East Harlem LDC tenant council; NYC Department of Centralized Administrative Services and the NYC Office of Budget and Management.

The future minimum lease payments, required under this sublease, as of June 30, 2017, are as follows:

<b>Year ending June 30,</b>	
2018	\$ 323,870
2019	340,064
2020	357,067
2021	374,920
2022	393,666
Thereafter	1,342,961
Total future minimum lease payments	<u>\$ 3,132,548</u>

During the years ended June 30, 2017 and 2016, the Harbor leased equipment under agreements that meet the criteria for capital lease treatment and is included in the statement of financial position as part of fixed assets.

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The future minimum lease payments, required under these capital leases, as of June 30, 2017, are as follows:

<b>Year ending June 30,</b>	
2018	\$ 67,344
2019	59,226
2020	58,488
2021	<u>45,902</u>
Total future minimum lease payments	<u>230,960</u>
Less: amount representing interest	<u>(4,031)</u>
Present value of net minimum lease payments	<u>\$ 226,929</u>

Total occupancy expense for the years ended June 30, 2017 and 2016 was \$1,825,205 and \$1,755,728, respectively.

Amounts received and expended by the Harbor under various federal and state programs are subject to audit by governmental agencies. As a result of program participation shortfalls in the Upward Bound program, during fiscal 2015 the U.S. Department of Education (“DOE”) performed a review which resulted in required reimbursements to the DOE totaling \$261,910. The Harbor has made repayments of \$79,790 and \$86,033 during fiscal years 2017 and 2016, respectively. As of June 30, 2017 and 2016, remaining amounts due to the DOE totaled \$95,886 and \$175,676, respectively, and are included in due to funding source on the accompanying statement of financial position.

**14. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Time restriction	\$ 25,000	\$ 50,000

**15. NET ASSETS RELEASED FROM RESTRICTIONS**

The amounts of temporarily restricted net assets released from restrictions during the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Performing arts	\$ 318	\$ 635
Preschool educational services	10,904	298,314
After school educational services	24,250	169,500
Time restriction	<u>25,000</u>	<u>25,000</u>
	<u>\$ 60,472</u>	<u>\$ 493,449</u>

From time to time, certain funds may be reclassified from permanently restricted net assets to temporarily restricted net assets or unrestricted net assets due to changes in donor stipulations. During fiscal 2017, the Harbor reclassified \$500,000, to unrestricted net assets from permanently restricted net assets.

# BOYS AND GIRLS HARBOR, INC.

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### 16. PERMANENTLY RESTRICTED NET ASSETS

The Harbor maintains a donor-restricted endowment fund (the “Endowment Fund”) that has been classified as permanently restricted net assets. As required by accounting principles generally accepted in the United States of America, net assets associated with permanently restricted donor funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Harbor’s endowment consists of investments that are permanently restricted under ASC 958, “Not-for-Profit Entities.” On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). This law, which is a modified version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), made significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts.

The Board of Directors of the Harbor has interpreted the state law 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 Endowment Fund is classified as permanently restricted net assets and includes the following:

- the original value of gifts designated as permanently restricted;
- the original value of subsequent gifts designated as permanently restricted; and
- accumulations to the permanently restricted funds made in accordance with the direction of the applicable gift donor.

Harbor has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the investment performance of the Harbor’s portfolio will be measured against currently available investment benchmarks of the same asset class. The endowment funds are invested in vehicles such as money market funds, fixed income securities, mutual funds, government and equity securities, certificates of deposit, as well as shares in limited partnerships.

The Harbor considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the funds;
- availability of other funding sources;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation/depreciation of investments; and
- the investment policy of the Harbor, as enforced by the Investment Committee of the Board of Directors.

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To satisfy its long-term rate-of-return objectives, the Harbor 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 Harbor targets a diversified asset allocation that place a greater emphasis on alternative equity investments to achieve its long-term return objectives within prudent risk constraints.

However, within the alternative investment categories, the Harbor is mindful of each investment manager's strategies and the liquidity of each manager's investment portfolio (see Note 5).

The Harbor appropriates the actual return from the restricted assets and supplemental non-restricted funds for the programs. In establishing this policy, the Harbor considered the long-term expected return on its endowment.

From time to time, the fair value of assets associated with an individual donor-restricted endowment funds may fall below the level that donors or NYPMIFA requires the Harbor to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$457,679 and \$713,901 at June 30, 2017 and 2016, respectively. These deficiencies generally resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain programs that was deemed permanent by the Board of Trustees.

The following table summarizes the changes in endowment net assets for the fiscal years 2017 and 2016:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Endowment assets, June 30, 2015</b>	\$ (187,101)	\$ -	\$ 4,783,097	\$ 4,595,996
Contributions	-	-	250,000	250,000
Interest and dividend income	-	-	-	-
Realized and unrealized losses	(526,800)	-	-	(526,800)
Appropriated for expenditure	-	-	-	-
<b>Endowment assets, June 30, 2016</b>	(713,901)	-	5,033,097	4,319,196
Contributions	-	-	-	-
Interest and dividend income	-	-	-	-
Realized and unrealized gains	256,222	-	-	256,222
Appropriated for expenditure	-	-	(500,000)	(500,000)
<b>Endowment assets, June 30, 2017</b>	<u>\$ (457,679)</u>	<u>\$ -</u>	<u>\$ 4,533,097</u>	<u>\$ 4,075,418</u>

Permanently restricted net assets represent funds that must remain invested in perpetuity. Permanently restricted net assets at June 30, 2017 and 2016 are summarized as follows:

	<b>2017</b>	<b>2016</b>
Educational services	\$ 1,907,500	\$ 1,907,500
Performing arts	1,625,597	1,625,597
Preschool activities	500,000	500,000
General operating activities	500,000	1,000,000
	<u>\$ 4,533,097</u>	<u>\$ 5,033,097</u>

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**17. BENEFIT PLANS**

**403(b) Thrift Plan**

The Harbor sponsors a 403(b) Thrift plan, which allows both employee and employer contributions. All employees, except for those that work less than 20 hours per week or are covered under a collective bargaining agreement, are eligible to make salary reduction contribution on a pre-tax basis, in accordance with Internal Revenue Code 402(g). The Harbor's matching contribution rate is equal to the lesser of 33.333% of the first \$2,000 of the salary reduction amount during the plan year or \$500 if satisfying the participation requirements for employer matching contributions during the plan year. Employees must be at least 21 years of age to participate. The Harbor's matching contribution expense for the years ended June 30, 2017 and 2016 was \$5,946 and \$10,854, respectively.

**Union Employee Benefits and CIRS**

The CIRS pension plan is a multi-employer plan negotiated by collective bargaining agreement and funded by the relevant agencies of the City of New York. The Harbor funding is derived from ACS. The Harbor is represented through the Day Care Council in the collective bargaining agreement. All employees of the Emily N. Carey Harbor Preschool are eligible for this benefit. To be eligible, employees must be over 21 years old. Vesting is at five consecutive years of employment. CIRS is responsible for administering the benefits of the pension plan and investing the plan assets.

Under the CIRS 401k plan, employees are no longer restricted to a 2% minimum contribution, and via payroll deduction can direct the investment of their funds among the investment options offered by the 401k plan. To be eligible under this plan, employees must be over 21 years old and employed for a minimum of three months. Employees are eligible for matching contributions.

Life insurance is provided for employees in the amount of their salary and two times that amount for those employed over 10 years up to a maximum of \$500,000. To be eligible under this plan, employees must be over 21 years old and employed for a minimum of three months.

The CIRS pension plan, 401k, life insurance and the employer contributions are collectively bargained by member institutions participating in CIRS (Day Care Council) and the union. As there was no change subsequent to year-end, the current agreement remains in force through September 30, 2020.

The description of the above benefits is based upon a review of the Summary Plan Description and confirmation with representatives from CIRS Plans.

**Deferred Compensation Plan Disclosure**

The Harbor previously offered a deferred compensation plan for a select group of long term employees which is based on years of service, provides for cash payments at employment separation, and is not guaranteed. The cost of the plan is being accrued over the period of active employment from the contract date. The liability under the agreement is determined based on the contributions required by the plan. The plan requires annual contributions to be calculated by a percentage of the annual salary as of December 31 each year during the period of active employment. Under the plan agreement, the percentage ranges from 1% to 6% of the employees' annual salary. Included in deferred compensation are salary continuation agreements that the Harbor previously offered to select long-term employees. Total deferred compensation expense for the years ended June 30, 2017 and 2016 was \$973 and \$0, respectively. The Harbor's obligation under this plan totaled \$560,272 and \$583,778 at June 30, 2017 and 2016, respectively.

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During fiscal 2013, the Harbor established an IRC Section 457(b) plan. The 457(b) is a nonqualified deferred compensation plan. Contributions to this plan include are discretionary, determined on an annual basis and are paid by the Harbor. For the years ended June 30, 2017 and 2016, the Harbor contributed \$0 and \$0 to the 457(b) plan, respectively. Compensation deferred under this plan, together with its attributed earnings, totaled \$66,548 and \$59,380 at June 30, 2017 and 2016, respectively and are included in investments and deferred compensation on the accompanying statement of financial position



