The Boys and Girls Clubs of Boston, Inc.

Financial Report
June 30, 2015 and 2014

Contents

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Independent Auditor's Report

RSM US LLP

To the Board of Directors
The Boys and Girls Clubs of Boston, Inc.
Boston, Massachusetts

Report on the Financial Statements
We have audited the accompanying financial statements of The Boys and Girls Clubs of Boston, Inc. (the "Organization") which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 The Boys and Girls Clubs of Boston, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Boston, Massachusetts
November 16, 2015

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The Boys and Girls Clubs of Boston, Inc.

Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets		
Cash and Cash Equivalents	**$ 844,639**	$ 4,688,788
Reimbursable Program Grant Expenditures	**251,115**	271,758
Other Receivables	**1,643,065**	1,614,911
Prepaid Expenses and Other Assets	**186,704**	257,070
Pledges Receivable	**17,438,865**	20,389,437
Beneficial Interest in Charitable Trusts	**1,285,010**	1,187,241
Restricted Cash and Cash Equivalents	**4,565,067**	5,550,586
Long-term Investments	**46,854,667**	44,574,817
Land, Buildings and Equipment, net	**35,595,002**	25,357,402
Total assets	**$ 108,664,134**	$ 103,892,010
Liabilities and Net Assets		
Accounts Payable - Trade	**$ 760,965**	$ 446,289
Accounts Payable - Construction	**1,641,578**	227,377
Accrued Expenses	**2,691,650**	2,608,044
Deferred Revenue	**326,302**	263,054
Total liabilities	**5,420,495**	3,544,764
Net Assets		
Unrestricted	**38,844,442**	29,541,393
Temporarily restricted	**22,657,466**	31,349,528
Permanently restricted	**41,741,731**	39,456,325
Total net assets	**103,243,639**	100,347,246
Total liabilities and net assets	**$ 108,664,134**	$ 103,892,010

See Notes to Financial Statements.

The Boys and Girls Clubs of Boston, Inc.

Statements of Activities
Years Ended June 30, 2015 and 2014

	2015				2014			
		Temporarily	Permanently			Temporarily	Permanently	
Operating Activities	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
Revenues, Gains and other Support								
United Way contributions	$ 621,462	$ -	$ -	$ 621,462	$ 615,248	$ -	$ -	$ 615,248
Contributions and benefits	10,842,514	4,697,789	-	15,540,303	10,323,805	1,582,108	-	11,905,913
Change in donor intent	-	(570,000)	-	(570,000)	-	(2,375,000)	-	(2,375,000)
Grants and contracts from governmental agencies	1,170,840	-	-	1,170,840	1,369,390	-	-	1,369,390
Parent fees, vouchers, member dues, and club camp fees	1,018,663	-	-	1,018,663	1,059,081	-	-	1,059,081
Gifts-in-kind	587,803	-	-	587,803	449,224	-	-	449,224
Service and other income	1,846,991	-	-	1,846,991	1,999,691	-	-	1,999,691
Appropriation of investment income on long-term investments	1,658,252		-	1,658,252	1,449,984	-	-	1,449,984
Net assets released from restrictions	3,515,283	(3,515,283)	-	-	3,464,867	(3,464,867)	-	-
Total revenues, gains and other support	21,261,808	612,506	-	21,874,314	20,731,290	(4,257,759)	-	16,473,531
Operating Expenses								
Program services	15,374,123	-	-	15,374,123	15,114,746	-	-	15,114,746
Management and general	1,753,758	-	-	1,753,758	1,614,363	-	-	1,614,363
Fundraising	3,558,160	-	-	3,558,160	3,421,323	-	-	3,421,323
Total operating expenses before depreciation	20,686,041	-	-	20,686,041	20,150,432	-	-	20,150,432
Income from Operations before Depreciation	575,767	612,506	-	1,188,273	580,858	(4,257,759)	-	(3,676,901)
Depreciation Expense	1,803,249	-	-	1,803,249	1,720,610	-	-	1,720,610
Income (loss) from operations	(1,227,482)	612,506	-	(614,976)	(1,139,752)	(4,257,759)	-	(5,397,511)
Non-operating Activities								
Contributions restricted for long term purposes	-	3,180,722	2,462,120	5,642,842	-	6,684,865	6,356,935	13,041,800
Change in donor intent	-	(400,000)	(150,000)	(550,000)	-	(300,000)	(700,000)	(1,000,000)
Net assets released from restriction (capital expenditures)	10,995,621	(10,995,621)	-	-	1,053,641	(1,053,641)	-	-
Appropriation of investment income on long-term investments	(187,957)	(1,470,295)	-	(1,658,252)	(190,899)	(1,259,085)	-	(1,449,984)
Interest and dividend income	62,880	593,788	-	656,668	44,956	393,128	-	438,084
Investment expense	(4,807)	(46,620)	-	(51,427)	(5,524)	(48,304)	-	(53,828)
Net realized gains on investments	113,400	1,099,689	-	1,213,089	5,554	48,572	-	54,126
Net unrealized gains on investments	(134,853)	(1,307,714)	-	(1,442,567)	560,354	4,900,133	-	5,460,487
Change in split interest agreements	-	41,483	(26,714)	14,769	-	53,222	49,584	102,806
Capital grants	13,000	-	-	13,000	72,000	-	-	72,000
Comprehensive Campaign expenses	(115,950)	-	-	(115,950)	(60,804)	-	-	(60,804)
Loss on disposal of buildings and equipment	(437,995)	-	-	(437,995)	-	-	-	-
Pension liability adjustment	227,192	-	-	227,192	(321,403)	-	-	(321,403)
Non-operating gains (losses)	10,530,531	(9,304,568)	2,285,406	3,511,369	1,157,875	9,418,890	5,706,519	16,283,284
Change in net assets	9,303,049	(8,692,062)	2,285,406	2,896,393	18,123	5,161,131	5,706,519	10,885,773
Net Assets, Beginning of Year	29,541,393	31,349,528	39,456,325	100,347,246	29,523,270	26,188,397	33,749,806	89,461,473
Net Assets, End of Year	$ 38,844,442	$ 22,657,466	$ 41,741,731	$ 103,243,639	$ 29,541,393	$ 31,349,528	$ 39,456,325	$ 100,347,246

See Notes to Financial Statements.

The Boys and Girls Clubs of Boston, Inc.

Statements of Functional Expenses
Years Ended June 30, 2015 and 2014

	2015				2014			
	Salaries and Wages	**Payroll Taxes and Fringe Benefits**	**Other Expenses**	**Total Operating Expenses**	Salaries and Wages	Payroll Taxes and Fringe Benefits	Other Expenses	Total Operating Expenses
Programs (Direct Expenses)								
Arts	**$ 500,992**	**$ 135,990**	**$ 39,234**	**$ 676,216**	$ 482,082	$ 115,036	$ 65,450	$ 662,568
Education	**438,492**	**119,356**	**296,016**	**853,864**	414,369	99,257	292,584	806,210
Leadership and character development	**136,465**	**37,698**	**122,455**	**296,618**	178,502	44,083	176,149	398,734
Life skills	**870,789**	**230,449**	**343,518**	**1,444,756**	930,859	220,742	354,308	1,505,909
Sports, fitness, recreation	**807,949**	**219,389**	**174,833**	**1,202,171**	772,359	184,748	176,702	1,133,809
Technology	**211,807**	**55,917**	**28,595**	**296,319**	212,879	49,409	27,070	289,358
Summer programs	**105,267**	**31,765**	**126,268**	**263,300**	134,154	32,592	155,590	322,336
School age child care	**275,213**	**75,384**	**63,852**	**414,449**	291,248	69,691	57,967	418,906
Member services	**290,731**	**78,227**	**204,643**	**573,601**	320,749	182,757	135,254	638,760
YouthConnect	**606,557**	**161,509**	**103,608**	**871,674**	581,764	137,292	83,097	802,153
Shared space and dedicated site clubs	**943,557**	**249,646**	**500,194**	**1,693,397**	989,826	228,483	447,658	1,665,967
Camp Harbor View	**960,811**	**162,083**	**363,876**	**1,486,770**	985,947	141,801	332,765	1,460,513
Programs (Support Expenses)								
Facility maintenance, insurance and utilities	**280,551**	**75,409**	**1,221,012**	**1,576,972**	326,677	77,580	1,353,535	1,757,792
Program management and administration	**1,272,340**	**380,632**	**406,731**	**2,059,703**	1,207,884	287,082	314,050	1,809,016
Program development and staff support	**892,379**	**259,496**	**512,438**	**1,664,313**	714,305	166,866	561,544	1,442,715
Depreciation	**-**	**-**	**1,693,052**	**1,693,052**	-	-	1,622,933	1,622,933
Total program expenses, including depreciation expense	**8,593,900**	**2,272,950**	**6,200,325**	**17,067,175**	8,543,604	2,037,419	6,156,656	16,737,679
Management and General	**723,890**	**213,136**	**816,732**	**1,753,758**	734,260	164,792	715,311	1,614,363
Depreciation, Management and General	**-**	**-**	**110,197**	**110,197**	-	-	97,677	97,677
Fundraising	**1,706,454**	**439,955**	**1,411,751**	**3,558,160**	1,667,586	387,574	1,366,163	3,421,323
Total operating expenses and depreciation expenses	**$ 11,024,244**	**$ 2,926,041**	**$ 8,539,005**	**$ 22,489,290**	$ 10,945,450	$ 2,589,785	$ 8,335,807	$ 21,871,042

See Notes to Financial Statements.

The Boys and Girls Clubs of Boston, Inc.

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	**$ 2,896,393**	$ 10,885,773
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation	**1,803,249**	1,720,610
Net realized and unrealized gains (losses) on investments	**229,478**	(5,514,613)
Loss on disposal of buildings and equipment	**437,995**	-
Beneficial interest in charitable trusts	**(83,000)**	-
Change in donor intent	**1,120,000**	3,375,000
Contributions received for long-term use	**(2,391,439)**	(3,302,961)
Contributions restricted for purchase of building improvements and equipment	**(2,669,057)**	(4,750,401)
Change in split interest agreements	**(14,769)**	(102,806)
Donated land and building	**-**	(400,000)
Donated securities	**(800,170)**	(141,536)
Proceeds from sale of donated securities	**236,826**	89,183
Changes in operating assets and liabilities:		
Pledges receivable	**1,830,572**	(2,723,712)
Reimbursable program grant expenditures	**20,643**	103,203
Other receivables	**(28,154)**	(835,576)
Prepaid expenses and other assets	**70,366**	(210,937)
Accounts payable - trade	**314,676**	84,232
Accrued expenses	**83,606**	637,491
Deferred revenue	**63,248**	18,520
Total adjustments	**224,070**	(11,954,303)
Net cash provided by (used in) operating activities	**3,120,463**	(1,068,530)
Cash Flows from Investing Activities		
Purchase of building improvements and equipment	**(11,064,643)**	(1,335,638)
Proceeds from sale of donated securities	**511,664**	-
Contributions restricted for the purchase of building improvements and equipment	**2,669,057**	1,053,926
Proceeds from sale of investments	**8,763,368**	9,600,354
Purchase of investments	**(10,287,177)**	(16,161,299)
Net cash used in investing activities	**(9,407,731)**	(6,842,657)
Cash Flows from Financing Activities		
Contributions received for long-term use	**2,391,439**	3,302,961
Contributions restricted for purchase of building improvements and equipment	**-**	3,696,475
Proceeds from sale of donated securities	**51,680**	52,353
Net cash provided by financing activities	**2,443,119**	7,051,789
Net change in cash and cash equivalents	**(3,844,149)**	(859,398)
Cash and Cash Equivalents		
Beginning of year	**4,688,788**	5,548,186
End of year	**$ 844,639**	$ 4,688,788
Supplemental Disclosure of Investing Cash Flow Information		
Purchases of building improvements and equipment included in accounts payable	**$ 1,641,578**	$ 227,377

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Nature of organization: The mission of The Boys and Girls Clubs of Boston, Inc. (the "Organization") is to help young people, especially those who need us most, build strong character and realize their full potential as responsible citizens and leaders. The Organization does this by providing a safe haven filled with hope and opportunity, ongoing relationships with caring adults and life-enhancing programs.

Basis of presentation: The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Classification and reporting of net assets: The Organization follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, "Financial Statements of Not-For-Profit Organizations". This standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Massachusetts Uniform Prudent Institutional Funds Act ("UPMIFA").

UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. This standard also requires disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. A description of the three net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of the Organization as well as funds invested in plant, including club buildings. In addition, unrestricted net assets of the Organization include funds which represent unrestricted resources designated by the Board of Directors ("the Board") for specific purposes.

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Temporarily restricted net assets also include, under Massachusetts law, amounts, representing cumulative interest, dividends, appreciation and reinvested gains on permanently restricted endowment funds, which are subject to prudent appropriation by the Board in accordance with donor use restrictions and provisions of Massachusetts law but which have not yet been appropriated by the Board. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanently restricted net assets may also include realized and unrealized gains and interest and investment income on certain contributions, as stipulated by the donor.

Revenue recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or time restrictions. Expenses are reported as decreases in unrestricted net assets.

The Organization recognizes revenue when there is persuasive evidence of an arrangement, services have been rendered, the fee is fixed or determinable, and collectability is reasonably assured. Amounts billed or collected prior to satisfying the Organization's revenue recognition policy are reflected as deferred revenue.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued): The programs of the Organization are, in part, supported by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Executive Office for Administration and Finance Operational Services Division.

Excess of revenue over expenses from Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purpose, provided such expenditures are reimbursable under the Operational Services Division's regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment, and are reported as a liability.

Membership dues are recognized as earned over the applicable membership period.

Contributions: Contributions received, including unconditional pledges, are initially recognized at fair value as revenues in the period the donor's commitments are received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category.

Unconditional pledges receivable in future periods are included in the financial statements as pledges receivable. Unconditional pledges receivable are recognized at the estimated net present value using a discount rate commensurate with the risk involved, and net of an allowance for uncollectible amounts. Amortization of the discount is recorded as contribution revenue in the appropriate net asset class. Conditional promises to give are recorded when donor stipulations are substantially met.

The methodology for calculating the allowance for uncollectible pledges includes management's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors, including current economic conditions. The methodology for determining the discount rate is generally based on the donor's giving history, if any.

The Organization follows the guidance of the FASB ASC 958-310-35 for subsequent measurement of unconditional promises to give if there are changes in the quantity or nature of promised assets. If the fair value of a contribution receivable decreases because of changes in the quantity or nature of assets expected to be received, the decrease is recognized in the period in which the expectation changes and the increased allowance is reported as an expense or loss in the net asset class in which the net assets are represented.

If the Organization receives updated information from a donor that a pledge will be fulfilled by a donor advised fund, or is changed to a conditional pledge or intention to give, the Organization will write-off the remaining pledge in the period in which it is notified of such change. Additionally, periodically, the Organization may receive information from donors that results in a change in the net asset classification for the respective funds. These changes are recorded as change in donor intent on the statement of activities and the amount of intentions to give at June 30, 2015 and 2014 are disclosed in Note 3.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

The Organization reports contributions of land, building and equipment as unrestricted support, unless the donor places restrictions on their use. Contributions of cash or other assets used to acquire or construct long-lived assets are reported as unrestricted support to the extent the funds have been expended for the stipulated acquisition or construction; otherwise the contributions are reported as temporarily restricted support.

Note 1. Summary of Significant Accounting Policies (Continued)

Donated goods and services: The Organization receives support in the form of donated services. Services meeting the criteria for recognition established in FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*, performed by trained professionals for services that would have been purchased if not donated, are recorded at their estimated fair market values at the time the services are rendered and are reflected in the financial statements as both revenues and expenses. Donated goods and services are also recorded at their estimated fair market values at the time the goods or service commitments are provided and are reflected in the financial statements as both revenues and expenses.

Investments: Investments in marketable securities, primarily mutual funds, are stated at fair value as established by major securities markets and are pooled for investment purposes. Realized gains and losses on investments are computed based on the average cost of each security sold and are allocated between unrestricted and temporarily restricted net assets based on the fair value of pooled investments applicable to the respective net asset totals.

Investments in nonmarketable investments (alternative investments) are stated at estimated fair value determined by management, based on net asset values provided by external investment managers. The estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The amount of realized and unrealized gain or loss associated with these investments is reflected in the accompanying financial statements along with such amounts relating to marketable investments. The Organization believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2015 and 2014.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and such changes could materially affect the statements of financial position and activities.

Unless otherwise restricted by the donor or state law, investment income and net unrealized and realized gains (losses) are recorded as increases (decreases) in unrestricted net assets. When a donor restriction exists, investment income and net unrealized and realized gains (losses) are allocated based on the total balance of pooled investments applicable to the respective asset totals.

The Board has interpreted UPMIFA, as adopted by the Commonwealth of Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the funds, the purposes of the Organization and the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Organization, and the investment policies of the Organization.

Note 1. Summary of Significant Accounting Policies (Continued)

Investments (continued): The Organization has adopted investment and spending policies for endowment assets which attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), cumulative investment gains on such funds which have not yet been appropriated by the Board of Directors, as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets provide a real total return over the long term in excess of the spend policy, to support operations.

Real total return is the sum of capital appreciation (or loss) and current income (dividends and interest) adjusted for inflation. Actual returns in any given year may vary.

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

As approved by its Finance Committee, the Organization has a policy of appropriating for distribution each year 4.5 to 5 percent of its endowment fund's average fair value over the prior 12 quarters through the preceding fiscal year-end. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at the total return less the spend policy.

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Based on its spending policy, a portion of the Organization's cumulative net realized gains and net appreciation is allocated to operations in accordance with the Organization's investment policies and procedures. During the years ended June 30, 2015 and 2014, the Board approved the appropriation of $1,658,252 and $1,449,984, respectively.

Beneficial interest in charitable trusts: The Organization is the beneficiary of a number of charitable trusts (split interest agreements), which are included in beneficial interest in charitable trusts on the statement of financial position. The Organization initially recognizes a contribution as well as an interest in the underlying investment from which a specified amount or percentage of the fair value of the trusts' assets or income each year is currently being paid to the Organization (perpetual trust) or to the donor or named beneficiary (remainder trust).

Actuarial methods are used to calculate that portion of the investment representing the present value of the liability to the donor and that portion representing the contribution.

For agreements and trust assets maintained by an outside trustee, the Organization includes in the beneficial interest in charitable trusts the value of the estimated future benefits to be received when the assets are distributed. Adjustments to reflect the changes in the fair value of the investments, revaluation of the present value of the estimated future payments to the donors and or donors' stated beneficiaries, and changes in actuarial assumptions during the term of the trust are made to the beneficial interest in charitable trusts account and are recognized as changes in the value of split interest agreements in their respective net asset classes.

Fair value of financial instruments: The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities, and short-term borrowings approximates fair value due to the short maturity of these instruments.

Note 1. Summary of Significant Accounting Policies (Continued)

Operating activities: Changes in net assets are classified as either operating activities or non-operating activities. Non-operating activities include investment income (including interest and dividend income, realized and unrealized gains and losses on investments), change in split interest agreements, investment expenses, funds released from temporarily restricted net assets to support capital spending, capital grants, comprehensive campaign expenses, loss on disposal of buildings and equipment and changes in additional minimum pension liabilities recorded. All other activities that are deemed by management to be ongoing, major and central to operations are reported as operating revenues and expenses.

Cash and cash equivalents: The Organization maintains some of its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization considers all highly liquid investments with a maturity of three months or less, when acquired, to be cash equivalents.

Restricted cash and cash equivalents: Restricted cash and cash equivalents include amounts that have been received from donors which are unspent or not yet invested in the endowment and contain purpose restrictions imposed by the donor.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by reviewing the age of the receivable and based on collection history.

There was no allowance for doubtful accounts at June 30, 2015 or 2014. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received.

Land, buildings and equipment: Land, buildings and equipment are reported at cost, at the date of acquisition, or fair value, at the date of donation, in the case of a gift. Provisions for depreciation are computed on a straight-line basis over the estimated useful lives of the respective assets. The following are the estimated useful lives:

Buildings and improvements	24-40 years
Equipment, furniture and fixtures	3-5 years

Costs incurred in connection with construction projects are accumulated until complete and put into service, at which time they are transferred into the related property and equipment account and depreciated over the estimated useful life of the asset.

Expenditures for maintenance and repairs are charged to expense as incurred; betterments are capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the respective accounts.

The Organization follows FASB ASC 410, *Asset Retirement and Environmental Obligations*. This standard requires that a liability be recorded for the fair value of a conditional asset retirement obligation. The recording of a liability is required if the fair value of the obligation can be reasonably estimated. As of June 30, 2015 and 2014, the Organization is unaware of any such obligations. The Organization will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate its fair value.

Note 1. Summary of Significant Accounting Policies (Continued)

Impairment of long-lived assets: Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Organization compares the carrying amounts of the assets to the undiscounted expected future cash flows over the remaining life of the asset. If this comparison indicates that there may be impairment, the amount of impairment is calculated as the difference between the carrying value and fair value. During the fiscal years ended June 30, 2015 and 2014, no impairment indicators were identified.

Deferred revenue: Receipts from the Organization's summer programs have been deferred and will be recorded as revenue as the programs are completed and the related expenses are incurred.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited based on employee hours spent within a program or supporting service.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity: In order to provide information about liquidity, assets are sequenced according to their nearness of conversion to cash and liabilities according to the nearness of their estimated maturity.

Contingencies: The Organization is subject to claims that have risen in the normal course of business. The likely outcome of these claims is unknown; accordingly, no reserves have been made for the potential settlements of these claims. The Organization records such claims when the loss is probable to occur and the amount is estimable.

Reclassifications: Certain reclassifications have been made to the 2014 financial statements in order to conform to the 2015 presentation. Contribution revenue was previously reported net of changes in donor intent.

Recently issued accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to students and donors. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, Revenue *from Contracts with Customers (Topic 606): Deferral of the Effective Date.* The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments apply to reporting entities that elect to measure the fair value of an investment using the net asset value (“NAV”) per share (or its equivalent) practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. Earlier application is permitted. The Organization has elected to apply these amendments within these financial statements.

Note 2. Tax Status

The Organization qualifies as a public charity under Internal Revenue Code Section 170(b)(l)(A)(vi), and has been determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The Organization recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization has no material uncertainties in income taxes.

With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years before 2012. Interest and penalties, if any, are included in income tax expense.

Note 3. Pledges Receivable

Unconditional promises to give at June 30 are expected to be realized in the following periods:

	2015	2014
In one year or less	$ 8,730,000	$ 7,529,000
Between one and five years	11,223,301	14,580,634
Greater than five years	110,000	1,135,000
	20,063,301	23,244,634
Less:		
Allowance for pledges	1,973,755	2,109,704
Discount to present value (ranging from 0.7% - 5%)	650,681	745,493
	$ 17,438,865	$ 20,389,437

As of June 30, 2015 and 2014, the Organization has received approximately $21.2 million and $16.7 million, respectively, of intentions to give, which are not reflected in pledges receivable.

As of June 30, 2015 and 2014, three donors constitute 41% and 43%, respectively, of gross pledges.

Note 4. Temporarily Restricted Net Assets

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

	2015	2014
Other specific activities of the Organization	$ 3,745,562	$ 3,169,498
Scholarships	100,004	110,616
Comprehensive Campaign	1,478,815	1,921,950
Opening Doors Campaign	7,864,688	13,140,345
Mattapan Teen Center	-	2,335,053
MHK Giving Back Assistance Fund	1,392,105	1,589,105
Beneficial interests in charitable trusts	715,129	590,646
Accumulated realized and unrealized net gains and investment income on permanently restricted net assets	7,361,163	8,492,315
	$ 22,657,466	$ 31,349,528

Note 5. Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to investment in perpetuity, the income from which is expendable to support:

	2015	2014
Endowment:		
Specific activities of the Organization	$ 25,387,134	$ 23,080,015
General activities of the Organization	16,354,597	16,376,310
	$ 41,741,731	$ 39,456,325

Note 6. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of other events specified by donors, or by the expiration of time restrictions.

Purpose restrictions accomplished for the years ended June 30 are as follows:

	2015	2014
Other specific activities of the Organization	$ 2,348,790	$ 2,507,744
Scholarships	22,000	13,500
MHK Giving Back Assistance Fund	210,000	210,000
Comprehensive Campaign	444,743	733,623
Opening Doors Campaign	489,750	-
	$ 3,515,283	$ 3,464,867
Releases - capital expenditures	$10,995,621	$ 1,053,641

Note 7. Long-term Investments

Long-term investments, at fair value, consisted of the following at June 30:

	2015	2014
Money market savings	$ 1,763,275	$ 2,018,595
Domestic bonds	7,141,851	5,058,520
International bonds	1,840,441	1,953,582
Domestic equity	15,009,272	14,245,420
International equity	7,491,040	7,637,566
Emerging markets equity	3,136,675	2,834,518
Real assets	2,033,663	2,733,713
Alternative investments	8,438,450	8,092,903
Total long-term investments	$46,854,667	$44,574,817

Note 8. Fair Value Measurements

Under the FASB's authoritative guidance on fair value measurements, fair value is 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. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement, in its entirety, requires judgment, and considers factors specific to the investment.

The Organization has various processes and controls in place to ensure that fair value is reasonably estimated.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended June 30, 2015 and 2014, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or changes in net assets.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market savings, equity securities, bonds, mutual funds and real assets: The fair value of money market savings, equity securities, bonds and real assets is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Beneficial interest in charitable trusts: The fair value of beneficial interest in charitable trusts is based on quoted market prices of the underlying investments and present value techniques.

Note 8. Fair Value Measurements (Continued)

The following tables are a summary of assets that the Organization measures at fair value on a recurring basis at June 30:

2015	Level 1	Level 2	Level 3	Other Investments Measured at Net Asset Value (a)	Total
Money market savings	$ 1,763,275	$ -	$ -	$ -	$ 1,763,275
Domestic bonds	7,141,852	-	-	-	7,141,852
International bonds	1,839,541	900	-	-	1,840,441
Domestic equity	12,023,829	-	-	2,985,442	15,009,271
International equity	5,946,660	-	-	1,544,380	7,491,040
Emerging markets equity	3,136,675	-	-	-	3,136,675
Real assets	2,033,663	-	-	-	2,033,663
Alternative investments	-	-	-	8,438,450	8,438,450
Total long-term investments	$ 33,885,495	$ 900	$ -	$ 12,968,272	$ 46,854,667
Beneficial interest in trusts	$ -	$ -	$ 1,285,010	$ -	$ 1,285,010
Money market savings	$ 33,848	$ -	$ -	$ -	$ 33,848
Mutual funds	84,834	-	-	-	84,834
Deferred compensation assets	$ 118,682	$ -	$ -	$ -	$ 118,682

2014	Level 1	Level 2	Level 3	Other Investments Measured at Net Asset Value (a)	Total
Money market savings	$ 2,018,595	$ -	$ -	$ -	$ 2,018,595
Domestic bonds	5,058,520	-	-	-	5,058,520
International bonds	1,952,682	900	-	-	1,953,582
Domestic equity	12,370,997	-	-	1,874,423	14,245,420
International equity	6,158,095	-	-	1,479,471	7,637,566
Emerging markets equity	2,834,518	-	-	-	2,834,518
Real assets	2,733,713	-	-	-	2,733,713
Alternative investments	-	-	-	8,092,903	8,092,903
Total long-term investments	$ 33,127,120	$ 900	$ -	$ 11,446,797	$ 44,574,817
Beneficial interest in trusts	$ -	$ -	$ 1,187,241	$ -	$ 1,187,241

(a) In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy amounts to amounts presented in the statements of financial position.

During the years ended June 30, 2015 and 2014, the Organization did not make any transfers between Level 1, Level 2, or Level 3 assets.

Note 8. Fair Value Measurements (Continued)

The changes in assets, at fair value, for which the Organization has used Level 3 inputs to determine fair value are as follows:

	Beneficial Interest in Trusts 2015	Beneficial Interest in Trusts 2014
Balance, beginning of year	$ 1,187,241	$ 1,084,435
Change in value of split interest agreements	14,769	102,806
Contributions	83,000	-
Balance, end of year	$ 1,285,010	$ 1,187,241

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements at June 30, 2015 and 2014:

	2015 Fair Value	2014 Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Beneficial interest in perpetual trusts	$ 569,881	$ 596,595	Market approach based on underlying securities	None	N/A
Beneficial interests in charitable remainder trusts	$ 715,129	$ 590,646	Income approach-discounted cash flow and present value techniques	Discount Rate	4.64% -7.60% (5.52%)
				Rate of Return	6% (6%)
				Life Expectancy	5.5 years - 20 years (16.54 years)

The assets held in trust are managed by an independent third party trustee, and the Organization has no authority over investment decisions. Thus, they are classified as Level 3 within the fair value hierarchy levels.

Note 8. Fair Value Measurements (Continued)

The Organization uses the net asset value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company. The following table lists investments in investment companies by major category.

	Strategy	2015 NAV in Funds	2015 Number of Funds	2015 Dollar Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions
Domestic equity	Fund divided into multiple sectors investing in domestic public companies	$ 2,985,442	1	$ -	Monthly	5 day notice
International equity	Global fund, primarily publically traded common stocks and fixed income	1,544,380	1	-	Monthly	6 day notice
Private equity	Venture and buyout, in the U.S. and international	4,259,601	7	1,918,000	N/A*	N/A
Absolute return	Fund of funds which focuses on partnerships investing in publically traded companies	4,178,849	2	-	Annual	90 day notice
		$ 12,968,272	11	$ 1,918,000		

	Strategy	2014 NAV in Funds	2014 Number of Funds	2014 Dollar Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions
Domestic equity	Fund divided into multiple sectors investing in domestic public companies	$ 1,874,423	1	$ -	Monthly	5 day notice
International equity	Global funds, primarily publically traded common stocks and fixed income	1,479,471	1	-	Monthly	6 day notice
Private equity	Venture and buyout, in the U.S. and international	3,948,092	7	2,678,000	N/A*	N/A
Absolute return	Fund of funds which focuses on partnerships investing in publically traded companies	4,144,811	2	-	Annual	90 day notice
		$ 11,446,797	11	$ 2,678,000		

* These funds are in private equity structure, with no ability to be redeemed. Distributions are generally made as the underlying investments are sold.

Note 9. Pension Plans

The Organization has a defined benefit pension plan covering substantially all employees. Plan benefits are based on years of service and average annual earnings. Plan assets are principally invested in mutual funds. The Organization's policy is to fund pension costs as incurred.

Information relative to the Organization's defined benefit pension plan is presented below:

Obligations and Funded Status

	2015	2014
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 7,935,512	$ 6,460,453
Service cost	220,306	455,733
Interest cost	305,084	294,127
Actuarial (gain) loss	809,354	846,708
Effect of curtailment	(1,260,921)	-
Benefits paid	(170,682)	(53,365)
Expenses paid	(60,983)	(68,144)
Benefit obligation at end of year	7,777,670	7,935,512
Change in plan assets:		
Fair value of plan assets at beginning of year	5,731,213	4,764,332
Actual return on plan assets	148,929	792,390
Employer contributions made prior to measurement date	49,460	296,000
Benefits paid	(170,682)	(53,365)
Expenses paid	(60,983)	(68,144)
Fair value of plan assets at end of year	5,697,937	5,731,213
Funded status of plan at end of year	$ (2,079,733)	$ (2,204,299)
Amounts recognized on statement of financial position:		
Accrued expenses	$ (2,079,733)	$ (2,204,299)
Amounts recognized as changes in unrestricted net assets from non-operating activities but not yet reclassified as components of net periodic benefit cost consist of:		
Net actuarial loss	$ 1,714,922	$ 1,942,114
For pension plans with accumulated benefit obligations in excess of assets at June 30 of the respective years, aggregate amounts were:		
Projected benefit obligations	$ 7,777,670	$ 7,935,512
Accumulated benefit obligations	7,777,670	6,682,253
Plan assets	5,697,937	5,731,213

Note 9. Pension Plans (Continued)

Net periodic benefit cost and other changes in unrestricted net assets

	2015	2014
Service cost	$ 220,306	$ 455,733
Interest cost	305,084	294,127
Expected return on plan assets	(148,929)	(792,390)
Amortization of unrecognized net gains	41,950	79,814
Deferred asset gain	(266,325)	445,646
Net periodic benefit cost	152,086	482,930
Other changes in unrestricted net assets not yet included in net periodic benefit cost		
Net actuarial loss	1,033,729	321,245
Effect of curtailment	(1,260,921)	-
Non-operating changes in unrestricted net assets	(227,192)	321,245
Total amounts recognized as changes in unrestricted net assets arising from the defined benefit plan	$ (75,106)	$ 804,175

Assumptions

	2015	2014
Weighted-average assumptions used in computing ending obligations:		
Discount rate	4.50%	4.25%
Rate of compensation increase	N/A	2.75
Weighted-average assumptions used in computing net cost:		
Discount rate	4.25%	4.75%
Rate of compensation increase	2.75%	2.75%
Expected return on plan assets	7.50%	7.50%

The expected long-term rate of return on plan assets reflects the plan sponsor's estimate of future investment returns (expressed as an annual percentage), taking into account the allocation of plan assets among different investment classes and long-term expectations of future returns on each class.

Plan assets:

	Percentage of Plan Assets at June 30, 2015	2014
Asset Category		
Pension plans:		
Equity securities	63%	64%
Debt securities	37%	36%
	100%	100%

Note 9. Pension Plans (Continued)

The following tables are a summary of Plan assets that the Organization measures at fair value on a recurring basis, by level, within the fair value hierarchy at June 30:

	2015			
Asset Class	Total	Quoted Prices Level 1	Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Registered Investment Companies:				
Cash	$ 10,980	$ 10,980	$ -	$ -
Domestic equity securities (a)	2,386,119	2,386,119	-	-
International equity securities (b)	1,191,546	1,191,546	-	-
Domestic fixed income (c)	2,109,292	2,109,292	-	-
	$ 5,697,937	$ 5,697,937	$ -	$ -

	2014			
Asset Class	Total	Quoted Prices Level 1	Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Registered Investment Companies:				
Cash	$ 9,273	$ 9,273	$ -	$ -
Domestic equity securities (a)	2,761,672	2,761,672	-	-
International equity securities (b)	879,558	879,558	-	-
Domestic fixed income (c)	2,080,710	2,080,710	-	-
	$ 5,731,213	$ 5,731,213	$ -	$ -

(a) This class comprises low-cost, passively managed equity index funds designed to replicate the exposures of the S&P 500, Midcap 400 and Russell 2000 Indices.

(b) This class represents an actively managed international fund designed to beat the performance, net of fees, of the MSCI EAFE Index over a full market cycle.

(c) This class consists of a passively managed fund designed to replicate the exposure of the Barclays U.S. Aggregate Index, a bond index made up of U.S. Treasuries, U.S. government/agency bonds, mortgage backed securities and investment grade corporate bonds. The purpose of this fund is to provide stability to the portfolio as well as income.

The Plan reports the value of its investments in these accounts using quoted market prices. There have been no changes to the valuation methodologies as of June 30, 2015 or 2014.

In recognition of the prudence required of fiduciaries, the Organization seeks to attain a reasonable diversification in Pension Plan assets where possible. To achieve its investment objective, the Plan will allocate among several asset classes with a slight bias toward equity and equity-like investments due to their higher long-term return expectations. Other asset classes may be added to the Plan to enhance returns, reduce volatility through diversification, and/or offer a broader investment opportunity set.

The domestic equity segments are intended to provide long-term growth and offer high expected real returns and liquidity. The international equity segment is intended to enhance return and control risk by reducing the Plan's reliance on domestic financial markets. Fixed income provides stability and protection in deflationary environments.

Note 9. Pension Plans (Continued)

The Plan is diversified both by and within asset classes. The purpose of diversification is to provide reasonable assurance that no single security, or class of securities, will have a disproportionate impact on the performance of the total fund. As a result, the risk level associated with the portfolio investment is reduced.

The Plan's long-term, strategic asset allocation is as follows:

Domestic equities	41.9%
International equities	20.9%
Fixed income	37.0%
Cash and cash equivalents	0.2%

Cash flows

Employer contributions:	
2014	$ 296,000
2015	49,460
2016	-
Benefit payments:	
2014	$ 53,365
2015	170,682

The following benefit payments are expected to be paid as follows:

2016	$ 1,139,000
2017	169,000
2018	1,028,000
2019	226,000
2020	409,000
2021 - 2025	1,034,000

On November 1, 2014, the Plan was amended to freeze participant entry and benefit accruals to the Plan. This event has been recognized as a curtailment under the applicable accounting guidance. Also effective on November 1, 2014, the Organization adopted a defined contribution plan as the principal retirement benefit for employees. The effect of curtailment as of October 31, 2014 is as follows:

	Before Realization of Curtailment Gain	Effect of Curtailment	After Realization of Curtailment Gain
Assets and obligations:			
Accumulated benefit obligation	$ (7,010,247)	$ -	$ (7,010,247)
Effects of projected future compensation levels	(1,260,921)	1,260,921	-
Projected benefit obligation	(8,271,168)	1,260,921	(7,010,247)
Plan assets at fair value	5,777,925	-	5,777,925
Fund status and recognized assets	$ (2,493,243)	$ 1,260,921	$ (1,232,322)
Non-operating (gain) loss	$ 2,076,622	$ (1,260,921)	$ 815,701

Note 9. Pension Plans (Continued)

On October 8, 2015 the Society of Actuaries (SOA) issued an updated Mortality Improvement Scale MP-15. The SOA's preliminary estimates suggest that updating to this recently released scale might reduce a plan's liabilities up to two percent or less. Management has not yet evaluated the impact of this recent update with their actuary and accordingly no adjustment has been made to the plan's obligations as of June 30, 2015.

On November 1, 2014, the Organization created a tax sheltered annuity retirement plan under Section 403(b) of the Internal Revenue Code, which covers all eligible employees. All participating employees have salary reduction contributions made on their behalf. In addition, the Organization will make a core contribution if an employee meets certain eligibility requirements. Additionally, the Organization will match 50% of contributions made by an employee up to 4%. Retirement plan expense for the year ended June 30, 2015 was $386,561.

On November 1, 2014, the Organization created a deferred compensation plan under Section 457(b) of the Internal Revenue Code, which covers certain key members of management. The Organization may make contributions to the participant accounts based on the Board's discretion. Participants are at all times fully vested in employer contributions. The participants in this plan are unsecured creditors of the Organization for the amount of their deferred compensation balances. As of June 30, 2015, the Organization had deposited $118,682 into participant accounts which is included in the statements of financial position as prepaid and other assets and accrued expenses, and the related expense is included in payroll taxes and fringe benefits and allocated between management and general and programs.

Note 10. Line of Credit

The Organization maintains an operating line of credit, with interest payable based on LIBOR plus one and three-quarters percent. In May of 2015, the line was restructured as a demand line with a maximum amount available under the line of credit of $5,000,000. The Organization had no balance outstanding under this line at June 30, 2015 or 2014.

Interest expense was $0 for the years ended June 30, 2015 and 2014.

Note 11. Land, Buildings and Equipment

	2015	2014
Land	$ 480,275	$ 480,275
Buildings and improvements	56,805,513	45,179,262
Equipment, furniture and fixtures	2,438,263	2,354,928
Construction in progress	-	1,053,926
	59,724,051	49,068,391
Less accumulated depreciation	(24,129,049)	(23,710,989)
	$ 35,595,002	$ 25,357,402

Depreciation expense amounted to $1,803,249 and $1,720,610 for the years ended June 30, 2015 and 2014, respectively.

Note 12. Related Party Transactions

Certain members, or their affiliates, of the Organization's Board of Directors provide various professional services to the Organization. Directors and management disclose these relationships and Directors abstain from any votes related to services that they may provide. Total payments under these arrangements were $105,228 and $62,294 for the years ended June 30, 2015 and 2014, respectively. Some professional services also were received from related parties on an in-kind basis. Certain members of the Board of Directors are partners or employees of investment companies in which the Organization has direct investments. Directors and management disclose these relationships and abstain from any votes related to these specific investments. These direct investments represent approximately 10.22% and 7.45% of the Organization's total investments as of June 30, 2015 and 2014, respectively.

Note 13. Contributed Gifts-in-Kind

The Organization receives and recognizes contributed gifts-in-kind, in the form of consulting and other goods and services, at fair value. Contributions made for activities have been recorded as operating income, and contributions received in connection with capital renovations have been recorded as non-operating income.

The Organization has entered into long-term leases with the Trustees of the George Robert White Fund for the Blue Hill Club and a portion of the South Boston Club. The use of these facilities constitutes a "gift-in-title", the value of which is equal to the fair market value of the facilities at the commencement of the leases.

Note 14. Operating Leases

The Organization has a variety of operating leases for automobiles, equipment and office space, expiring through November 2018. As of June 30, 2015 and 2014, the Organization paid $410,977 and $396,969, respectively for these leases.

The following is a schedule of minimum lease payments under these lease agreements:

2016	$ 412,312
2017	366,191
2018	36,840
2019	14,697
	$ 830,040

Note 15. Endowment Assets

Endowment net asset composition by type of fund at June 30:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment funds	$ 4,415,529	$ -	$ -	$ 4,415,529
Donor restricted endowment funds	-	7,361,163	35,794,168	43,155,331
Total endowment funds	$ 4,415,529	$ 7,361,163	$ 35,794,168	$ 47,570,860

Note 15. Endowment Assets (Continued)

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment funds	$ 4,566,866	$ -	$ -	$ 4,566,866
Donor restricted endowment funds	-	8,492,315	31,853,838	40,346,153
Total endowment funds	$ 4,566,866	$ 8,492,315	$ 31,853,838	$ 44,913,019

Changes in endowment net assets for the years ended June 30, 2015 and 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2014	$ 4,566,866	$ 8,492,315	$ 31,853,838	$ 44,913,019
Investment return:				
Net investment income	58,073	547,168	-	605,241
Net realized and unrealized gains	(21,453)	(208,025)	-	(229,478)
Total investment return	36,620	339,143	-	375,763
Gifts to endowment and payments on endowment pledges	-	-	3,940,330	3,940,330
Appropriation of endowment income per spending policy	(187,957)	(1,470,295)	-	(1,658,252)
June 30, 2015	$ 4,415,529	$ 7,361,163	$ 35,794,168	$ 47,570,860

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2013	$ 4,152,424	$ 4,457,871	$ 28,550,877	$ 37,161,172
Investment return:				
Net investment income	39,432	344,824	-	384,256
Net realized and unrealized gains	565,909	4,948,705	-	5,514,614
Total investment return	605,341	5,293,529	-	5,898,870
Gifts to endowment and payments on endowment pledges	-	-	3,302,961	3,302,961
Appropriation of endowment income per spending policy	(190,899)	(1,259,085)	-	(1,449,984)
June 30, 2014	$ 4,566,866	$ 8,492,315	$ 31,853,838	$ 44,913,019

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies at June 30, 2015 or 2014.

Note 16. Beneficial Interest in Charitable Trusts

Beneficial interest in charitable trusts consist of the following at June 30:

	2015	2014
Beneficial interest in perpetual trusts held by third party	$ 569,881	$ 596,595
Charitable remainder annuity trusts held by third party	715,129	590,646
	$ 1,285,010	$ 1,187,241

The Organization is one of the beneficiaries named in various perpetual trusts managed by third party trustees. Under the terms of the trust agreements, the Organization is to receive quarterly or annual distribution payments. During the years ended June 30, 2015 and 2014 the Organization received approximately $21,500 and $28,000, in distributions, respectively.

The Organization is also the beneficiary of charitable remainder trust instruments whereby an independent third party trustee has custody of and manages the assets and the annuities. These assets are recorded net of the present value of the annuity liability.

The net change in the value of the Organization's beneficial interest in these trusts is recorded as a change in the value of split interest agreements on the statements of activities. This change amounted to $14,769 and $102,806 for the years ended June 30, 2015 and 2014, respectively. The Organization recorded contributions of $83,000 during June 30, 2015.

Note 17. Subsequent Events

The Organization has evaluated subsequent events through November 16, 2015, the date on which the financial statements were available to be issued.