



**Boys & Girls Clubs of Collin County, Inc.**

**Financial Statements**  
**December 31, 2021 and 2020**

**Boys & Girls Clubs of Collin County, Inc.**  
**Contents**

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## **Independent Auditors' Report**

To the Board of Directors of  
Boys & Girls Clubs of Collin County, Inc.

### **Opinion**

We have audited the accompanying financial statements of Boys & Girls Clubs of Collin County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Collin County, Inc. as of December 31, 2021 and 2020, 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 (GAAP).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys & Girls Clubs of Collin County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Collin County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Boys & Girls Clubs of Collin County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Collin County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Sutton Frost Cary". The signature is written in a cursive, flowing style.

A Limited Liability Partnership

Arlington, Texas  
July 5, 2022

**Boys & Girls Clubs of Collin County, Inc.**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 704,369	\$ 400,463
Grants receivable	82,415	55,966
Pledges receivable	43,605	50,366
Other receivable	287,266	90,730
Insurance receivable	50,827	-
Prepaid expenses	9,984	-
<b>Total current assets</b>	1,178,466	597,525
Investments	900,352	850,129
Other assets	5,750	5,750
Property and equipment, net	3,794,507	4,056,392
<b>Assets restricted for capital expenditures:</b>		
Cash and cash equivalents	252,547	201,130
Pledges receivable, net	411,762	488,562
<b>Assets restricted for endowment:</b>		
Cash and cash equivalents	5,000	5,000
<b>Total assets</b>	<u>\$ 6,548,384</u>	<u>\$ 6,204,488</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 31,303	\$ 31,701
Accrued expenses	85,298	92,792
Refundable advance	900,352	850,129
Current portion of notes payable	74,678	70,900
<b>Total current liabilities</b>	1,091,631	1,045,522
<b>Long-term liabilities:</b>		
Notes payable	772,122	845,868
<b>Total liabilities</b>	1,863,753	1,891,390
<b>Net assets:</b>		
Without donor restrictions	3,737,805	3,390,889
With donor restrictions	946,826	922,209
<b>Total net assets</b>	4,684,631	4,313,098
<b>Total liabilities and net assets</b>	<u>\$ 6,548,384</u>	<u>\$ 6,204,488</u>

See notes to financial statements.

# Boys & Girls Clubs of Collin County, Inc.

## Statement of Activities Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Program fees	\$ 596,705	\$ -	\$ 596,705
Contributions	423,324	199,617	622,941
Grant support	1,171,220	-	1,171,220
Special events (net of direct costs of \$95,018)	471,332	-	471,332
In-kind contributions	144,000	-	144,000
Miscellaneous	198,946	-	198,946
Net assets released from restrictions	175,000	(175,000)	-
<b>Total revenue and support</b>	<b>3,180,527</b>	<b>24,617</b>	<b>3,205,144</b>
<b>Operating expenses:</b>			
Program services:			
McKinney Branch	737,679	-	737,679
Plano Branch	704,217	-	704,217
Frisco Branch	731,634	-	731,634
<b>Total program services</b>	<b>2,173,530</b>	<b>-</b>	<b>2,173,530</b>
Supporting services:			
General and administrative	353,277	-	353,277
Fundraising	317,637	-	317,637
<b>Total operating expenses</b>	<b>2,844,444</b>	<b>-</b>	<b>2,844,444</b>
<b>Excess of revenue over operating expenses</b>	<b>336,083</b>	<b>24,617</b>	<b>360,700</b>
<b>Non-operating income:</b>			
Gain on involuntary conversion	10,833	-	10,833
<b>Total non-operating income</b>	<b>10,833</b>	<b>-</b>	<b>10,833</b>
<b>Change in net assets</b>	<b>346,916</b>	<b>24,617</b>	<b>371,533</b>
<b>Net assets at beginning of year</b>	<b>3,390,889</b>	<b>922,209</b>	<b>4,313,098</b>
<b>Net assets at end of year</b>	<b>\$ 3,737,805</b>	<b>\$ 946,826</b>	<b>\$ 4,684,631</b>

See notes to financial statements.

**Boys & Girls Clubs of Collin County, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Program fees	\$ 265,971	\$ -	\$ 265,971
Contributions	749,970	75,550	825,520
Grant support	1,178,563	-	1,178,563
Special events (net of direct costs of \$146,094)	412,098	-	412,098
In-kind contributions	153,750	-	153,750
Miscellaneous	93,823	-	93,823
Net assets released from restrictions	26,231	(26,231)	-
<b>Total revenue and support</b>	<b>2,880,406</b>	<b>49,319</b>	<b>2,929,725</b>
<b>Expenses:</b>			
Program services:			
McKinney Branch	606,738	-	606,738
Plano Branch	638,757	-	638,757
Frisco Branch	658,572	-	658,572
Total program services	1,904,067	-	1,904,067
Supporting services:			
General and administrative	219,634	-	219,634
Fundraising	351,327	-	351,327
<b>Total expenses</b>	<b>2,475,028</b>	<b>-</b>	<b>2,475,028</b>
<b>Excess of revenue over operating expenses</b>	<b>405,378</b>	<b>49,319</b>	<b>454,697</b>
<b>Non-operating loss:</b>			
Loss on disposal of assets	(7,065)	-	(7,065)
<b>Total non-operating loss</b>	<b>(7,065)</b>	<b>-</b>	<b>(7,065)</b>
<b>Change in net assets</b>	<b>398,313</b>	<b>49,319</b>	<b>447,632</b>
<b>Net assets at beginning of year</b>	<b>2,992,576</b>	<b>872,890</b>	<b>3,865,466</b>
<b>Net assets at end of year</b>	<b>\$ 3,390,889</b>	<b>\$ 922,209</b>	<b>\$ 4,313,098</b>

See notes to financial statements.



**Boys & Girls Clubs of Collin County, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program Services				Supporting Services			
	McKinney Branch	Plano Branch	Frisco Branch	Total	General and Administrative	Fundraising	Total	Total Expenses
Salaries	\$ 414,497	\$ 312,423	\$ 349,221	\$ 1,076,141	\$ 204,703	\$ 239,436	\$ 444,139	\$ 1,520,280
Payroll taxes	31,960	23,293	36,082	91,335	6,557	13,952	20,509	111,844
Employee benefits	57,114	35,467	39,567	132,148	41,858	22,030	63,888	196,036
Total payroll related expense	503,571	371,183	424,870	1,299,624	253,118	275,418	528,536	1,828,160
Professional fees	17,697	12,070	12,721	42,488	19,787	16,236	36,023	78,511
Supplies and program	2,489	1,731	4,097	8,317	4,081	1,204	5,285	13,602
Telephone	5,340	5,957	5,345	16,642	1,999	2,000	3,999	20,641
Dues and memberships	6,978	6,533	6,683	20,194	-	119	119	20,313
Occupancy	63,183	188,198	65,703	317,084	16,044	15,218	31,262	348,346
Local transportation/travel	15,290	16,612	10,836	42,738	132	48	180	42,918
Equipment repair	3,200	4,321	3,284	10,805	666	-	666	11,471
Bank and merchant fees	8,386	8,313	7,405	24,104	396	203	599	24,703
Miscellaneous	2,540	5,462	3,684	11,686	1,485	2,120	3,605	15,291
Depreciation	75,654	44,573	113,081	233,308	4,787	-	4,787	238,095
Special event	-	-	-	-	-	95,018	95,018	95,018
Equipment rental	4,698	4,156	4,156	13,010	4,306	4,246	8,552	21,562
Insurance	26,314	32,769	30,640	89,723	13,376	825	14,201	103,924
Bad debt	-	-	-	-	33,100	-	33,100	33,100
Interest	2,339	2,339	39,129	43,807	-	-	-	43,807
<b>Total expenses by function</b>	<b>737,679</b>	<b>704,217</b>	<b>731,634</b>	<b>2,173,530</b>	<b>353,277</b>	<b>412,655</b>	<b>765,932</b>	<b>2,939,462</b>
<b>Less expenses not included in operating expenses on the statement of activities</b>								
Direct costs of special events	-	-	-	-	-	(95,018)	(95,018)	(95,018)
<b>Total operating expenses included in the expense section on the statement of activities</b>	<b>\$ 737,679</b>	<b>\$ 704,217</b>	<b>\$ 731,634</b>	<b>\$ 2,173,530</b>	<b>\$ 353,277</b>	<b>\$ 317,637</b>	<b>\$ 670,914</b>	<b>\$ 2,844,444</b>

See notes to financial statements.

**Boys & Girls Clubs of Collin County, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services				Supporting Services			Total Expenses
	McKinney Branch	Plano Branch	Frisco Branch	Total	General and Administrative	Fundraising	Total	
Salaries	\$ 321,790	\$ 264,546	\$ 285,913	\$ 872,249	\$ 142,219	\$ 279,058	\$ 421,277	\$ 1,293,526
Payroll taxes	24,467	19,536	31,934	75,937	2,414	25,732	28,146	104,083
Employee benefits	44,630	29,689	47,121	121,440	-	17,504	17,504	138,944
Total payroll related expense	390,887	313,771	364,968	1,069,626	144,633	322,294	466,927	1,536,553
Professional fees	13,030	13,725	12,016	38,771	24,436	4,047	28,483	67,254
Supplies and program	4,858	4,473	4,793	14,124	2,539	3,345	5,884	20,008
Telephone	5,926	4,511	6,710	17,147	2,080	1,971	4,051	21,198
Dues and memberships	6,251	6,376	5,976	18,603	25	128	153	18,756
Occupancy	48,180	191,468	60,948	300,596	23,171	12,315	35,486	336,082
Local transportation/travel	9,725	6,641	7,192	23,558	-	-	-	23,558
Equipment repair	3,245	3,245	3,245	9,735	45	45	90	9,825
Bank and merchant fees	4,823	3,644	3,722	12,189	403	1,003	1,406	13,595
Miscellaneous	986	373	525	1,884	690	1,579	2,269	4,153
Depreciation	78,216	47,280	115,444	240,940	6,235	-	6,235	247,175
Special event	-	-	-	-	-	146,094	146,094	146,094
Equipment rental	6,012	2,952	2,952	11,916	3,110	3,171	6,281	18,197
Insurance	31,684	37,383	37,618	106,685	12,267	1,429	13,696	120,381
Interest	2,915	2,915	32,463	38,293	-	-	-	38,293
<b>Total expenses by function</b>	<b>606,738</b>	<b>638,757</b>	<b>658,572</b>	<b>1,904,067</b>	<b>219,634</b>	<b>497,421</b>	<b>717,055</b>	<b>2,621,122</b>
<b>Less expenses not included in operating expenses on the statement of activities</b>								
Direct costs of special events	-	-	-	-	-	(146,094)	(146,094)	(146,094)
<b>Total operating expenses included in the expense section on the statement of activities</b>	<b>\$ 606,738</b>	<b>\$ 638,757</b>	<b>\$ 658,572</b>	<b>\$ 1,904,067</b>	<b>\$ 219,634</b>	<b>\$ 351,327</b>	<b>\$ 570,961</b>	<b>\$ 2,475,028</b>

See notes to financial statements.

**Boys & Girls Clubs of Collin County, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 371,533	\$ 447,632
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	238,095	247,175
Realized and unrealized (gains) losses on investments	(33,019)	57,100
Loss on disposal of property and equipment	-	7,065
Gain on involuntary conversion	(10,833)	-
Allowance for doubtful accounts - pledges receivable restricted for capital expenditures	7,509	(925)
Amortization of discount - pledges receivable restricted for capital expenditures	9,200	(10,764)
Contributions restricted for capital expenditures	-	(51,600)
Changes in assets and liabilities:		
Grants receivable	(26,449)	4,438
Pledges receivable	6,761	(50,366)
Other receivable	(196,536)	(90,730)
Insurance receivable	(50,827)	-
Prepaid expenses	(9,984)	30,211
Accounts payable	(398)	(97,399)
Accrued expenses	(7,494)	(49,242)
Grant refund payable	-	(12,455)
Refundable advance	50,223	(52,568)
<b>Net cash provided by operating activities</b>	<b>347,781</b>	<b>377,572</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(129,840)	(211,688)
Proceeds from insurance for involuntary conversion	164,463	-
Purchases of investments	(544,959)	(772,697)
Proceeds from sales of investments	527,755	768,165
<b>Net cash provided (used) by investing activities</b>	<b>17,419</b>	<b>(216,220)</b>
<b>Cash flows from financing activities:</b>		
Collections of pledges receivable restricted for capital expenditures	60,091	58,602
Payments on notes payable	(69,968)	(60,835)
<b>Net cash used by financing activities</b>	<b>(9,877)</b>	<b>(2,233)</b>
<b>Net increase in cash and cash equivalents</b>	<b>355,323</b>	<b>159,119</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>606,593</b>	<b>447,474</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 961,916</b>	<b>\$ 606,593</b>
<b>Supplemental cash flow information:</b>		
Cash paid during the year for interest	\$ 43,808	\$ 38,294
<b>Reconciliation of cash and restricted cash reported within the statements of financial position to the statements of cash flows:</b>		
Cash and cash equivalents	\$ 704,369	\$ 400,463
Cash and cash equivalents restricted for capital expenditures	252,547	201,130
Cash and cash equivalents restricted for endowment	5,000	5,000
<b>Total cash and restricted cash and cash equivalents shown in the statements of cash flows</b>	<b>\$ 961,916</b>	<b>\$ 606,593</b>

See notes to financial statements.

# Boys & Girls Clubs of Collin County, Inc.

## Notes to Financial Statements

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### 1. Organization

The Boys & Girls Clubs of Collin County, Inc. (Organization) is a Texas nonprofit corporation incorporated in 1968 under the laws of the State of Texas for the purpose of enhancing the quality of life for the youth of Collin County by providing a diversity of quality programs in the areas of character and leadership development, education and career development, health and life skills, sport fitness, recreation and the arts. The Organization's primary revenue sources are donations from individuals and foundations, income from various branches, grants and special events. The Organization's programs are as follows:

After-School Programs - The Organization provides after-school programs for kids ages 5-18 at four sites across Collin County. Each club operates programs utilizing nationally-recognized, evidence-based curricula developed by Boys & Girls Clubs of America in partnership with some of the country's most prestigious universities. We customize programs to meet the needs of our communities and the youth we serve.

Summer Programs - The Organization offers exciting, fun and engaging summer camp programs. The Organization's camps include various activities and field trips.

Athletics - Team sports are open to all Organization members. Participants learn athletic skills, values of teamwork, good sportsmanship, anger management and discipline.

### 2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies of the Organization are described below.

#### ***Basis of Accounting***

The Organization prepares the financial statements on the accrual basis of accounting.

#### ***Financial Statement Presentation***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

## **Boys & Girls Clubs of Collin County, Inc.**

### **Notes to Financial Statements**

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*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. In the absence of donor restrictions to the contrary, restrictions on contributions of property or on assets restricted to the acquisition or construction of property expire when the property is placed in service.

#### ***Financial Instruments and Credit and Market Risk Concentrations***

Financial instruments, which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, grants receivable, pledges receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured cash balances of \$714,904 as of December 31, 2021. Grants and pledges receivable are unsecured and are due from various members, donors and governmental agencies.

The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

#### ***Cash and Cash Equivalents***

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization classifies cash and money market accounts held by external investment managers as investments as these funds are not readily available for operations.

**Boys & Girls Clubs of Collin County, Inc.**  
**Notes to Financial Statements**

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***Concentrations***

During the years ended December 31, 2021 and 2020, the Organization received approximately 16% and 14%, respectively of total contributions from one donor.

At December 31, 2021, grants from three grantors totaled approximately 53% of total grant support. At December 31, 2020, grants from two grantors totaled approximately 45% of total grant support.

During the years ended December 31, 2021 and 2020, the Organization received approximately 100% and 94%, respectively of total in-kind donations from one donor.

At December 31, 2021, pledges from two donors totaled approximately 41% of total pledges receivable. At December 31, 2020, pledges from three donors totaled approximately 48% of total pledges receivable.

***Grants and Pledges Receivable***

Pledges receivable are recorded at the estimated fair value when made, and grants receivable are recorded based on the reimbursable amount incurred. The collectability of the Organization's receivables is reviewed on an ongoing basis, using an assessment of the current status of individual accounts and current economic conditions, and allowances for uncollectible accounts are recorded, as necessary.

***Investments***

At December 31, 2021 and 2020, the Organization's investments in marketable securities consist of cash equivalents and mutual funds and are stated at fair value in the statements of financial position. Interest, dividends and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

***Property and Equipment***

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000; the fair value of donated property and equipment is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 20 to 40 years for buildings and improvements and 3 to 5 years for vehicles, furniture and equipment. Leasehold improvements are depreciated at the lesser of lease term or asset life.

# **Boys & Girls Clubs of Collin County, Inc.**

## **Notes to Financial Statements**

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

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such loss was recognized during the years ended December 31, 2021 and 2020.

### ***Revenue Recognition***

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Program fees are recognized as revenue when the contracted services are performed.

Event sponsorship revenue is recognized at the date the event occurs. Advanced payments for the event sponsorships are reported as deferred revenue until the date of the event.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

As of December 31, 2021, the Organization has approximately \$392,000 of conditional grants from various organizations and government agencies. The grants will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met.

As of December 31, 2020, the Organization had approximately \$306,000 of conditional grants from various organizations and government agencies, of which approximately \$106,000 were recognized as revenue in the year ended December 31, 2021 as conditions were met.

Donated materials, rent and equipment are reflected as contributions at their estimated fair values at date of receipt.

# **Boys & Girls Clubs of Collin County, Inc.**

## **Notes to Financial Statements**

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### ***Grants and Contracts***

The Organization receives grants and contracts from federal and state agencies, as well as private organizations, to be used for specific programs. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in grants receivable.

The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Organization.

### ***Employee Retention Credit***

The Organization was eligible to receive the Employee Retention Credit pursuant to the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act). In accordance with this, miscellaneous income and other receivables totaling \$287,266 and \$90,730 have been included in the accompanying financial statements for the years ended December 31, 2021 and 2020, respectively.

### ***Federal Income Tax***

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended December 31, 2021 or 2020. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

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

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the financial statements. Costs are allocated between program services and supporting services based on management's judgment considering space used, time spent or direct relation to the program or supporting service benefited.



# Boys & Girls Clubs of Collin County, Inc.

## Notes to Financial Statements

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### ***Estimates and Assumptions***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

### ***New Accounting Pronouncement***

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases (ASC Topic 842)* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (ROU) assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

In 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Organization will be required to present contributed nonfinancial assets as separate line items in the statement of activities, apart from contributions of cash or other financial assets, and additional quantitative and qualitative disclosures will be required. The standard takes effect for annual reporting periods beginning after June 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

### ***Reclassifications***

Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation.

# Boys & Girls Clubs of Collin County, Inc.

## Notes to Financial Statements

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### 3. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;   |
| Level 2 | Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;                                   |
| Level 3 | Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk. |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

#### ***Mutual Funds***

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

#### ***Cash Equivalents***

Cash equivalents are valued using a NAV of \$1.

# Boys & Girls Clubs of Collin County, Inc.

## Notes to Financial Statements

The Organization's investments are valued using Level 1 inputs and their fair values are as follows at December 31:

	2021	2020
Cash equivalents	\$ 70,669	\$ 118,497
Mutual funds:		
Equities	602,076	123,728
Fixed income funds	171,656	607,904
Hedge funds	31,689	-
Tangible assets	24,262	-
	<u>\$ 900,352</u>	<u>\$ 850,129</u>

The following investments represent 10% or more of total investments at December 31:

	2021	2020
Vanguard S&P 500 EFT	\$ 273,729	\$ 123,728
Ishares Core US Aggregate BD ETF	155,149	188,513
SPDR Bloomberg Barclays 1-3	-	261,747
Vanguard Total Intl Bond Index	108,758	89,874

Net investment income (loss) consists of the following for the years ended December 31:

	2021	2020
Interest and dividends	\$ 23,644	\$ 10,699
Realized losses	(2,228)	(26,063)
Unrealized gains (losses)	35,247	(34,037)
Investment expenses	(6,440)	(6,217)
	<u>\$ 50,223</u>	<u>\$ (55,618)</u>

Net investment income has been included with refundable advance in the statement of financial position. See Note 6 regarding assets held in trust.

**Boys & Girls Clubs of Collin County, Inc.**  
**Notes to Financial Statements**

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#### **4. Pledges Receivable**

Pledges receivable are as follows at December 31:

	2021	2020
Pledges receivable	\$ 510,551	\$ 577,403
Less discount to present value	(11,600)	(2,400)
Less allowance for uncollectible pledges receivable	(43,584)	(36,075)
Net pledges receivable	<u>\$ 455,367</u>	<u>\$ 538,928</u>
Receivable in less than one year	\$ 296,950	\$ 502,595
Receivable between one and five years	\$ 158,417	\$ 36,333

Pledges receivable due in more than one year are valued using a discount rate of 3.25%.

The following is a reconciliation of total pledges receivable reported in the statements of financial position:

	2021	2020
Pledges receivable	\$ 43,605	\$ 50,366
Pledges receivable, net restricted for capital expenditures	411,762	488,562
Pledges receivable, net	<u>\$ 455,367</u>	<u>\$ 538,928</u>

#### **5. Property and Equipment**

Property and equipment consists of the following at December 31:

	2021	2020
Land	\$ 510,435	\$ 510,435
Buildings and improvements	3,801,920	3,835,481
Construction in progress	332,249	355,311
Leasehold improvements	336,287	336,287
Furniture, fixtures and equipment	192,295	185,295
Vehicles	1,019,074	1,044,274
	6,192,260	6,267,083
Accumulated depreciation	(2,397,753)	(2,210,691)
	<u>\$ 3,794,507</u>	<u>\$ 4,056,392</u>

Depreciation expense totaled \$238,095 and \$247,175 for the years ended December 31, 2021 and 2020, respectively.

# Boys & Girls Clubs of Collin County, Inc.

## Notes to Financial Statements

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In February 2021, a state of emergency was declared in Texas due to extreme winter weather conditions. One of the Organization's buildings suffered roof damage as a result of the storm and the damages were covered under insurance. The resulting gain totaling \$10,833 consists of insurance proceeds totaling \$164,463 less the net book value of damaged property totaling \$153,630.

### 6. Refundable Advance

During 2016, the Organization received a bequest which is conditional upon the funds being used to build a camp upon land to be bequeathed to the Organization from the donor's brother. The funds must be expended within ten years or returned to the other heirs. The funds are being held in a trust account and earnings are considered additions to the refundable advance. At December 31, 2021 and 2020, contributions that have not been recognized in the accompanying financial statements because the conditions have not been met totaled \$900,352 and \$850,129, respectively.

### 7. Line of Credit

The Organization has a \$250,000 line of credit with a bank with interest at the *Wall Street Journal* prime rate (3.25% at December 31, 2021) maturing in May 2023. The line of credit had no outstanding balance at December 31, 2021 and 2020, respectively.

### 8. Notes Payable

Notes payable consists of the following at December 31:

	2021	2020
Note payable to a bank, interest at 5.00%, interest payable monthly until maturity in October 2023 when all unpaid interest and principal is due, secured by a vehicle.	\$ 10,236	\$ 15,693
Note payable to a bank, interest at 5.45%, principal and interest payable monthly until maturity in December 2024 when all unpaid interest and principal is due, secured by three passenger buses.	110,740	143,819
Note payable to a bank, interest at 5.74%, principal and interest payable monthly until maturity in April 2024 when all unpaid interest and principal is due, secured by a vehicle.	9,780	13,582
Note payable to a bank, interest at 5.74%, principal and interest payable monthly until maturity in April 2024 when all unpaid interest and principal is due, secured by a vehicle.	9,780	13,581
Note payable to a bank, interest at 4.75%, principal and interest payable monthly until maturity in October 2024 when all unpaid interest and principal is due, collateralized by real property.	706,264	730,093
	<u>\$ 846,800</u>	<u>\$ 916,768</u>

**Boys & Girls Clubs of Collin County, Inc.**  
**Notes to Financial Statements**

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Maturities of long-term debt are as follows for the years ending December 31:

2022	\$ 74,678
2023	77,112
2024	<u>695,010</u>
	<u>\$ 846,800</u>

## 9. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
CEO salary	\$ -	25,000
Odyssey Life Readiness Program	75,000	-
Capital campaign	<u>866,826</u>	<u>892,209</u>
	941,826	917,209
Subject to restriction in perpetuity:		
Endowment	<u>5,000</u>	<u>5,000</u>
Total net assets with donor restrictions	<u>\$ 946,826</u>	<u>\$ 922,209</u>

As of December 31, 2021 and 2020, \$202,517 of capital campaign funds had been spent on construction in progress.

## 10. Related Party Transactions

The Organization has unconditional promises to give from various board members totaling \$85,343 and \$85,193 at December 31, 2021 and 2020, respectively.

## 11. Commitments

The Organization leases various office space and equipment under non-cancelable operating lease agreements expiring through 2023. Operating lease expense related to these leases totaled \$89,151 and \$89,151 for the years ended December 31, 2021 and 2020, respectively.

The following is a schedule of future minimum lease payments under the Organization's lease agreements for the years ending December 31:

2022	\$ 46,236
2023	13,831

# Boys & Girls Clubs of Collin County, Inc.

## Notes to Financial Statements

### 12. Liquidity and Availability of Resources

The following is a schedule of the Organization's financial assets available to meet cash needs for general expenditures within one year at December 31:

	2021	2020
Cash and cash equivalents	\$ 961,916	\$ 606,593
Grants receivable	82,415	55,966
Pledges receivable, net	455,367	538,928
Other receivable	287,266	90,730
Investments	900,352	850,129
Total financial assets	2,687,316	2,142,346
Less amounts not available for general expenditure within one year:		
Cash and cash equivalents restricted for capital expenditures	(252,547)	(201,130)
Pledges receivable restricted for capital expenditures	(411,762)	(488,562)
Cash and cash equivalents restricted for endowment	(5,000)	(5,000)
Investments held in trust for refundable advance	(900,352)	(850,129)
	(1,569,661)	(1,544,821)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,117,655	\$ 597,525

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stabilities, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization's goal is to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. To achieve these targets, the Organization forecasts its future cash flows and monitors its reserves and liquidity on a monthly basis.

### 13. Special Event Revenue

During the year ended December 31, 2021 and 2020, the Organization held special events including a gala that generated significant revenue totaling \$471,115 and \$498,161, respectively. The loss of this revenue would have a significant effect on the operation of the Organization. Total costs associated with the gala totaled \$68,960 and \$124,451 for the years ended December 31, 2021 and 2020, respectively.

**Boys & Girls Clubs of Collin County, Inc.**  
**Notes to Financial Statements**

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**14. In-Kind Donations**

The Organization received donations of in-kind rent with a total value of \$144,000 and \$153,750 during the years ended December 31, 2021 and 2020, respectively.

**15. Boys & Girls Clubs of America**

The Organization is affiliated with a national organization, Boys & Girls Clubs of America (BGCA). BGCA has no governing power over its affiliates and serves as a trade association providing supporting services and nationally recognized standards for agency operations and program management at the local level. Annual dues paid by the Organization to BGCA during the years ended December 31, 2021 and 2020 totaled \$11,900 and \$11,429, respectively, and were included with dues and memberships in the statement of functional expenses.

**16. Defined Contribution Retirement Plan**

The Organization maintains a defined contribution retirement plan provided for employees meeting certain minimum eligibility requirements. Employees may contribute a portion of their earnings to this plan with the Organization making safe harbor and discretionary contributions to the plan. During the years ended December 31, 2021 and 2020, the Organization contributed \$50,690 and \$44,287, respectively, to the plan.

**17. Paycheck Protection Program Loans**

On March 27, 2020, the Organization entered into an unsecured loan (PPP Loan) in the aggregate amount of \$300,000 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the Coronavirus Aid, Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020. On January 15, 2021, the Organization received forgiveness of the entire amount of the PPP Loan. The forgiveness of the PPP Loan is included as grant support revenue in the accompanying statement of activities for the year ended December 31, 2020.

On February 17, 2021, the Organization received a second PPP loan (PPP 2 Loan) totaling \$300,000. On November 11, 2021, the Organization received forgiveness of the entire amount of the PPP 2 Loan. The Organization has recorded the full amount of the PPP 2 Loan as grant support revenue in the accompanying statement of activities for the year ended December 31, 2021.

**18. Subsequent Events**

The Organization evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.