

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**FINANCIAL STATEMENTS
JUNE 30, 2021**



**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

CONTENTS

	PAGE
Report of independent auditors	1
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Statement of functional expenses - 2021	6
Statement of functional expenses - 2020	7
Notes to financial statements	8



REPORT OF INDEPENDENT AUDITORS

To the Audit Committee
Boys & Girls Clubs of Central Virginia
Charlottesville, Virginia

We have audited the accompanying financial statements of BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA (a nonprofit organization), which comprise the statements of financial position as of June 30, 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.

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.

To the Audit Committee
Boys & Girls Clubs of Central Virginia

REPORT OF INDEPENDENT AUDITORS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA as of June 30, 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.

Hantymon Wiebel LLP

Charlottesville, Virginia
December 17, 2021

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 584,482	\$ 1,001,008
Pledges receivable, current	1,493,628	491,387
Grants receivable	243,938	3,500
Prepaid expenses and deposits	<u>37,322</u>	<u>16,301</u>
Total current assets	<u>2,359,370</u>	<u>1,512,196</u>
PROPERTY AND EQUIPMENT, NET	<u>5,328,888</u>	<u>5,500,527</u>
OTHER ASSETS		
Cash and cash equivalents held for long term purposes	15,476,127	15,817,295
Investments	21,256,150	11,651,156
Pledges receivable, due after one year	3,203,341	914,834
Construction in progress	<u>1,393,912</u>	<u>72,069</u>
Total other assets	<u>41,329,530</u>	<u>28,455,354</u>
Total assets	<u><u>\$ 49,017,788</u></u>	<u><u>\$ 35,468,077</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 256,060	\$ 61,361
Accrued payroll, payroll taxes, and withholdings	234,328	167,491
Deferred revenue	<u>....</u>	<u>6,971</u>
Total current liabilities	<u>490,388</u>	<u>235,823</u>
LONG-TERM LIABILITIES		
Paycheck Protection Program loan	<u>....</u>	<u>548,200</u>
Total long-term liabilities	<u>....</u>	<u>548,200</u>
Total liabilities	<u>490,388</u>	<u>784,023</u>
NET ASSETS		
Without donor restrictions	9,994,929	7,979,560
With donor restrictions	<u>38,532,471</u>	<u>26,704,494</u>
Total net assets	<u>48,527,400</u>	<u>34,684,054</u>
Total liabilities and net assets	<u><u>\$ 49,017,788</u></u>	<u><u>\$ 35,468,077</u></u>

(The accompanying notes are an integral part of these financial statements)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING SUPPORT AND REVENUE						
Contributions	\$ 1,911,101	\$ 1,963,774	\$ 3,874,875	\$ 1,487,000	\$ 558,361	\$ 2,045,361
Grants	740,585	643,908	1,384,493	685,843	165,537	851,380
In-kind contributions	60,751	111,449	172,200	57,018	74,031	131,049
Program service revenue	6,100	12,685	18,785	37,633	25,488	63,121
Special events (net of expenses)	4,146	....	4,146	163,970	146,253	310,223
Miscellaneous .....	....	....	....	5,662	....	5,662
Forgiveness of SBA loan (PPP)	1,045,765	....	1,045,765	....	....	....
Net assets released from restrictions:						
Satisfaction of program restrictions	1,292,823	(1,292,823)	....	1,918,724	(1,918,724)	....
Total operating support and revenue	5,061,271	1,438,993	6,500,264	4,355,850	(949,054)	3,406,796
OPERATING EXPENSES						
Program services	3,106,982	....	3,106,982	3,770,853	....	3,770,853
Management and general	504,259	....	504,259	536,514	....	536,514
Fund-raising	430,547	....	430,547	506,763	....	506,763
Total operating expenses	4,041,788	....	4,041,788	4,814,130	....	4,814,130
Change in net assets from operations	1,019,483	1,438,993	2,458,476	(458,280)	(949,054)	(1,407,334)
INVESTING REVENUE						
Investment income	21,270	272,034	293,304	28,668	391,699	420,367
Net realized and unrealized gains	974,616	3,708,495	4,683,111	116,867	368,205	485,072
Total investing revenue	995,886	3,980,529	4,976,415	145,535	759,904	905,439
CAPITAL CAMPAIGN CONTRIBUTIONS .....	....	6,408,455	6,408,455	....	4,122,653	4,122,653
TOTAL CHANGE IN NET ASSETS	2,015,369	11,827,977	13,843,346	(312,745)	3,933,503	3,620,758
NET ASSETS, BEGINNING OF YEAR	7,979,560	26,704,494	34,684,054	8,292,305	22,770,991	31,063,296
NET ASSETS, END OF YEAR	<u>\$ 9,994,929</u>	<u>\$ 38,532,471</u>	<u>\$ 48,527,400</u>	<u>\$ 7,979,560</u>	<u>\$ 26,704,494</u>	<u>\$ 34,684,054</u>

(The accompanying notes are an integral part of these financial statements)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,843,346	\$ 3,620,758
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	231,639	236,986
Relocation of construction costs .....	....	314,671
Net realized and unrealized (gain) on investments	(4,683,111)	(485,072)
Change in discounts on pledges receivable	96,603	23,000
Pledges written off	40,083	....
Contributions received for long-term purposes	(4,969,712)	(2,683,910)
PPP loan forgiveness	(1,045,765)	....
(Increase) decrease in assets:		
Accounts receivable .....	....	23,463
Pledges receivable	(3,427,434)	(1,001,721)
Grants receivable	(240,438)	80,020
Prepaid expenses and deposits	(21,021)	(12,745)
Increase (decrease) in liabilities:		
Accounts payable	194,699	36,381
Accrued payroll, payroll taxes, and withholdings	66,837	26,862
Deferred revenue	(6,971)	(43,029)
Net cash provided by operating activities	<u>78,755</u>	<u>135,664</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(60,000)	(2,900)
Construction costs (net of retainage)	(1,321,843)	(381,990)
Purchases of investments	(6,094,903)	(5,507,422)
Liquidation (purchases) of short-term investments .....	....	18,200,000
Sales of investments	<u>1,173,020</u>	<u>355,322</u>
Net cash provided by (used in) investing activities	<u>(6,303,726)</u>	<u>12,663,010</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	4,969,712	2,683,910
Net proceeds from Paycheck Protection Program loan	<u>497,565</u>	<u>548,200</u>
Net cash provided by financing activities	<u>5,467,277</u>	<u>3,232,110</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(757,694)</u>	<u>16,030,784</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>16,818,303</u>	<u>787,519</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 16,060,609</u>	<u>\$ 16,818,303</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Amounts reported within the statement of financial position that sum to the total above:		
Cash and cash equivalents	\$ 584,482	\$ 1,001,008
Cash and cash equivalents held for long-term purposes	<u>15,476,127</u>	<u>15,817,295</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 16,060,609</u>	<u>\$ 16,818,303</u>
NONCASH FINANCING ACTIVITIES		
PPP loan forgiveness	<u>\$ 1,045,765</u>	<u>\$</u>

(The accompanying notes are an integral part of these financial statements)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL
OPERATING EXPENSES				
Benefits and payroll taxes	\$ 320,810	\$ 52,657	\$ 53,597	\$ 427,064
Compensation	1,777,533	291,760	296,965	2,366,258
Depreciation	189,381	21,129	21,129	231,639
Dues	22,442	1,770	....	24,212
Insurance	36,157	4,050	4,050	44,257
Marketing and cultivation .....	....	....	17,644	17,644
Miscellaneous costs	48,889	18,513	68	67,470
Occupancy	348,251	21,800	21,800	391,851
Office operating costs	86,519	19,793	8,602	114,914
Other staff costs	22,661	1,054	....	23,715
Printing and postage	3,281	793	3,814	7,888
Professional fees	15,325	67,378	1,616	84,319
Program costs	196,813	....	....	196,813
Staff training and education	11,920	3,247	....	15,167
Vehicle costs	27,000	315	1,262	28,577
	<u>\$ 3,106,982</u>	<u>\$ 504,259</u>	<u>\$ 430,547</u>	<u>\$ 4,041,788</u>

(The accompanying notes are an integral part of this financial statement)

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL
OPERATING EXPENSES				
Benefits and payroll taxes	\$ 321,419	\$ 35,532	\$ 51,460	\$ 408,411
Compensation	2,134,630	235,976	341,758	2,712,364
Depreciation	193,816	21,585	21,585	236,986
Dues	21,155	905	....	22,060
Insurance	40,994	4,798	4,798	50,590
Marketing and cultivation .....	....	9,202	16,806	26,008
Miscellaneous costs	21,600	20,274	1,525	43,399
Occupancy	279,895	16,710	16,710	313,315
Office operating costs	74,639	20,314	9,742	104,695
Other staff costs	24,274	1,715	....	25,989
Printing and postage	4,163	1,306	6,241	11,710
Professional fees	21,734	128,827	1,203	151,764
Program costs	343,319	....	....	343,319
Relocation of construction costs.....	251,737	31,467	31,467	314,671
Staff training and education	9,562	4,432	....	13,994
Vehicle costs	27,916	3,471	3,468	34,855
	<u>\$ 3,770,853</u>	<u>\$ 536,514</u>	<u>\$ 506,763</u>	<u>\$ 4,814,130</u>

(The accompanying notes are an integral part of this financial statement)

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

The Boys & Girls Clubs of Central Virginia (the Club) was organized in 1992 as a Virginia non-stock corporation. Its mission is the promotion of healthy social, educational, vocational, and character development of boys and girls, bringing together on equal grounds, under good leadership, boys and girls from all economic and social classes. The Club offers youth from the ages of six to eighteen the opportunity for recreation away from the moral and physical dangers often encountered in everyday life, providing the opportunity for its members to achieve their goals and aspirations in life. The Club is an independent corporation, but is affiliated with and pays dues to the Boys & Girls Clubs of America.

2. SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of Accounting*

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with U. S. generally accepted accounting principles (U. S. GAAP) and, accordingly, reflect all significant receivables and payables and other liabilities. Support and revenue are recorded when earned or pledged and expenses are recorded as incurred.

b. *Accounting Pronouncement Adopted*

The Club adopted the following Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASUs) in the fiscal year ended June 30, 2021:

ASU 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, ASC 606). The Club has no material revenue streams subject to this pronouncement. Adoption had no effect on the Club's current or previously-issued financial statements.

ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU modifies the disclosure requirements related to fair value measurements. Adoption of this pronouncement had no effect on the Club's current or previously-issued financial statements.

c. *Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under this guidance, the Club is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Club, its accounts are maintained in accordance with donor restrictions placed on the donated assets. Separate accounts are maintained for each category of assets with donor restrictions and assets without donor restrictions. The assets, liabilities, and net assets of the Club are reported in the following self-balancing net asset groups:

Net assets without donor restrictions represent the portion of net assets that can be utilized to support current and future Club operations.

Net assets with donor restrictions represent contributions to the Club that are expendable only for purposes specified by the donor, have restrictions that expire with the passage of time, or are required to be invested in perpetuity. There were no net assets with donor restrictions required to be held in perpetuity at June 30, 2021 and 2020.

d. *Policy Disclosure*

The Club reports gifts of cash and other assets as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Club reports gifts of land, buildings, and equipment as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Club reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

e. *COVID-19*

On March 11, 2020, the World Health Organization officially declared the coronavirus (COVID-19) outbreak a pandemic, resulting in federal, state, and local governments mandating various restrictions, including travel restrictions, restrictions on public gatherings, and stay-at-home orders. Following summer 2020, when Club programs were mostly remote, Clubs modified traditional operations during the 2020 - 2021 school year to serve the greatest needs of schools and families. The extent of the pandemic's impact on the Club's financial condition and cash flows will depend on future developments, which are uncertain and cannot be predicted at this time.

f. *Cash and Cash Equivalents*

The Club considers all highly-liquid investments acquired with an original maturity of three months or less at the date of purchase to be cash equivalents. The Club maintains its cash in bank deposit accounts that at times may exceed federally-insured limits and are subject to credit risk. The Club has not experienced any losses in these accounts.

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

g. *Accounts Receivable*

Accounts receivable represent amounts owed to the Club, and are shown net of any specific bad debt write-offs. The Club does not accrue finance charges on past due accounts. All receivables are unsecured and subject to certain credit risks. Management writes off uncollectible accounts when specifically identified. Management determined that an allowance for uncollectible accounts was not necessary at June 30, 2021 and 2020.

h. *Pledges Receivable*

Pledges receivable, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets or decreases of liabilities or expenses, depending on the form of the benefits received. Management reviews its collection experience in determining the need for an allowance for uncollectible pledges receivable. Management determined that an allowance for uncollectible pledges was not necessary at June 30, 2021 and 2020. Amounts to be received beyond one year are discounted to net present values. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. At June 30, 2021 and 2020, there was one conditional pledge held by the Club totaling \$3,315,764 and \$5,000,000, respectively. The pledge will be earned as the Club reaches certain construction milestones on the Northern Urban Ring construction project.

i. *Support and Revenue*

The Club receives contributions from three principal sources: annual individual philanthropic contributions, periodic special events, and grants. Each year, the Club must raise approximately 85% of its operating expenditures and seldom does the Club receive multi-year grants or does it have commitments for more than 15% of a fiscal year's operating expenditures prior to the start of the fiscal year.

The Club collects registration and other fees from its members to help offset the costs associated with the registration process and certain elective programs. These fees are reported as program service revenue in the statement of activities, or as offsets against program expenses for certain elective programs.

j. *Donated Materials and Services*

In accordance with FASB guidance, contributions of services are recognized for services received that require specialized skills. The Club recognized \$10,000 of contributed audit services support for each of the years ended June 30, 2021 and 2020.

No amounts have been recognized in the financial statements for donated services that are not specialized skills, since there is no objective basis to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Club's fund-raising and program activities.

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Significant donated materials and other items, exclusive of capital additions, are valued at cost or estimated fair market value on the date of the gift, as applicable. The Club also receives donated supplies or discounts on supplies that it uses in fund-raising and other activities.

k. *Accounting Estimates*

The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Significant estimates that affect the Club's financial statements are the allowance for uncollectible pledges, the discounting of future pledges receivable to their estimated net present values, functionalization of expenses, fair value of investments, depreciable lives and residual value of property, and the valuation of contributed services and donated lease space.

l. *Advertising*

The Club expenses advertising costs as incurred. Advertising costs were insignificant in the years ended June 30, 2021 and 2020.

m. *Property and Equipment*

Property and equipment are stated at cost. The Club capitalizes all expenditures for items that exceed \$10,000 in value that have a useful life of two years or longer. Donated property is recorded at fair market value based on independent appraisals or comparisons to similar asset sales and are recognized as income when received.

Property and equipment are depreciated using straight-line and accelerated methods over the estimated useful lives of the assets. Management generally estimates useful lives of three to seven years for vehicles and equipment, seven to ten years for furniture and fixtures, and 39 years for buildings and leasehold improvements. Expenditures for maintenance and repairs are expensed as incurred.

n. *Exempt Tax Status*

The Club is exempt from income taxes under Section (501)(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Club has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business taxable income during the years ended June 30, 2021 and 2020.

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

o. ***Uncertain Tax Positions***

The Club has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Club.

p. ***Functional Allocation of Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses require allocation on a reasonable basis that is consistently applied. Payroll expenses are allocated on the basis of staff time and effort spent on program services, management and general, and fund-raising. Examples of other allocated expenses include office operating costs, other staff costs, and dues, which are allocated based on the underlying nature of the transactions.

q. ***Fair Values of Financial Instruments***

The FASB established a framework for measuring fair value that expands disclosures about fair value measurements under U. S. GAAP.

The fair value framework requires the categorization of assets and liabilities into three levels based on the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The Club's pledges receivable are categorized as Level 3 assets.

r. ***Subsequent Events***

Management has evaluated subsequent events through December 17, 2021, which is the date the financial statements were available to be issued.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

The Club invests funds with the goal of generating a total return that meets or exceeds the spending rate and the inflation rate as measured by the Consumer Price Index.

The Club holds investments managed by an outside third party that are part of a pooled investment fund. The Club does not hold individual investments in this fund, but rather holds a share of the pool and, as such, generally only unrealized gains and losses are reported by the investment manager to the Club based upon its respective share of the pool. Realized gains and losses will be reported upon redemption of the Club's share of the pool. Investments can be liquidated subject to approval by the investment manager and the Club's Board. The Club has no unfunded commitments. The fund invests primarily in equity securities, fixed income securities, and alternative investments. The alternative investments are not readily marketable and are carried at estimated fair values as provided by the investment manager. The Club believes the carrying amount of these investments is a reasonable estimate of fair value. The amounts the Club will ultimately realize could differ materially from the reported amounts, and significant fluctuations in fair values could occur from year to year.

The Club's investments are carried at their fair market value based upon the values reported by the investment pool fund manager. At June 30, 2021, the fund was available to be redeemed, subject to approval, at the full net asset value (NAV). The cost basis includes the original purchase cost of the investments plus investment earnings reinvested.

A summary of the fair market value and cost of the Club's investments at June 30, 2021 is as follows:

	FAIR MARKET VALUE	ORIGINAL COST	CUMULATIVE EARNINGS REINVESTED	TOTAL COST
Pooled investments	<u>\$21,256,150</u>	<u>\$15,641,813</u>	<u>\$ 497,504</u>	<u>\$16,139,317</u>

A summary of the fair market value and cost of the Club's investments at June 30, 2020 is as follows:

	FAIR MARKET VALUE	ORIGINAL COST	CUMULATIVE EARNINGS REINVESTED	TOTAL COST
Pooled investments	<u>\$11,651,156</u>	<u>\$10,708,690</u>	<u>\$ 407,083</u>	<u>\$11,115,773</u>

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2021 and 2020, the Club recognized net realized and unrealized gains (net of investment management fees) on the change in the value of its investments as follows:

	2021	2020
Net realized and unrealized gains	<u>\$4,683,111</u>	<u>\$ 485,072</u>

At June 30, 2021 and 2020, the Club's investments in the pool consisted of the following:

	2021	2020
Public and private equity funds	68.2%	65.3%
Alternative investments	21.7	16.7
Fixed income securities	9.6	13.6
Cash	<u>0.5</u>	<u>4.4</u>
	<u>100.0%</u>	<u>100.0%</u>

Expenses relating to investment revenues totaled \$90,738 and \$67,512 for the years ended June 30, 2021 and 2020, respectively. These expenses represent fees charged by the investment manager for investment management and advisory services. Currently, the investment fee rate decreases at several break points with increased assets under management. Investment fees have been netted against realized and unrealized gains (losses) in the accompanying statement of activities for the years ended June 30, 2021 and 2020.

4. PROPERTY AND EQUIPMENT

The Club's property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Buildings, improvements, and equipment	\$7,193,986	\$7,193,986
Furniture and fixtures	236,140	242,278
Vehicles	<u>320,736</u>	<u>260,736</u>
Total property and equipment	7,750,862	7,697,000
Less: Accumulated depreciation	<u>2,421,974</u>	<u>2,196,473</u>
Property and equipment (net)	<u>\$5,328,888</u>	<u>\$5,500,527</u>

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

5. PLEDGES RECEIVABLE

The Club has adopted U. S. GAAP standards for the fair value option to value its multi-year pledges receivable using a discount rate that is determined annually. The election was made because management believes that the use of fair value reduces the cost of measuring its multi-year pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those pledges were measured using present value techniques and historical discount rates. The Club determines its discount rate based upon the approximate five-year Treasury yield outstanding at the end of each year and applies this rate to all multi-year pledges receivable. The Club's discount rate was 1.5% for both years ended June 30, 2021 and 2020.

Pledges receivable at June 30, 2021 and 2020 were as follows:

	2021	2020
Receivable in less than one year	\$1,493,629	\$ 491,387
Receivable in one to five years	<u>3,343,616</u>	<u>952,834</u>
Total pledges receivable	4,837,245	1,444,221
Less: Discounts on pledges receivable	(140,276)	(38,000)
Allowance for uncollectible pledges receivable	<u>.....</u>	<u>.....</u>
Net pledges receivable	<u>\$4,696,969</u>	<u>\$1,406,221</u>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Club's assets measured on a recurring basis at June 30, 2021 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	INVESTMENTS MEASURED AT NAV	TOTAL
Pledges receivable	\$	\$	\$ 4,696,969	\$	\$ 4,696,969
Investments	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>21,256,150</u>	<u>21,256,150</u>
Total financial assets at fair value	<u>\$</u>	<u>\$</u>	<u>\$ 4,696,969</u>	<u>\$21,256,150</u>	<u>\$25,953,119</u>

During the year ended June 30, 2021, there were no changes to the classification among categories.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

The fair values of the Club’s assets measured on a recurring basis at June 30, 2020 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	INVESTMENTS MEASURED AT NAV	TOTAL
Pledges receivable	\$	\$	\$ 1,406,221	\$	\$ 1,406,221
Investments	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>11,651,156</u>	<u>11,651,156</u>
Total financial assets at fair value	<u>\$</u>	<u>\$</u>	<u>\$ 1,406,221</u>	<u>\$11,651,156</u>	<u>\$13,057,377</u>

During the year ended June 30, 2020, there were no changes to the classification among categories.

In accordance with FASB Accounting Standards Codification (ASC) Subtopic 820-10, investments that are measured at fair value using the NAV practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following is a reconciliation of activity for the year ended June 30, 2021 for Level 3 assets measured at fair value and investments measured at NAV:

	PLEDGES RECEIVABLE	INVESTMENTS	TOTAL
Balance, beginning of year	\$ 1,406,221	\$11,651,156	\$13,057,377
Contributions	4,761,565	6,004,482	10,766,047
Pledges written off	(40,083)	....	(40,083)
Collections of pledges	(1,334,131)	....	(1,334,131)
Investment withdrawals .....	....	(1,173,020)	(1,173,020)
Change in discount and allowance	(96,603)	....	(96,603)
Investment earnings reinvested .....	....	90,421	90,421
Investment income - unrealized .....	....	4,773,849	4,773,849
Funds expended for investment fees	<u>.....</u>	<u>(90,738)</u>	<u>(90,738)</u>
Balance, end of year	<u>\$ 4,696,969</u>	<u>\$21,256,150</u>	<u>\$25,953,119</u>

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

The following is a reconciliation of activity for the year ended June 30, 2020 for Level 3 assets measured at fair value and investments measured at NAV:

	PLEDGES		
	RECEIVABLE	INVESTMENTS	TOTAL
Balance, beginning of year	\$ 427,500	\$ 6,013,984	\$ 6,441,484
Contributions	1,515,000	5,403,053	6,918,053
Pledges written off.....	(11,396)	....	(11,396)
Collections of pledges	(501,883)	....	(501,883)
Investment withdrawals.....	....	(355,322)	(355,322)
Change in discount and allowance.....	(23,000)	....	(23,000)
Investment earnings reinvested.....	....	104,369	104,369
Investment income - unrealized.....	....	552,584	552,584
Funds expended for investment fees.....	<u>....</u>	<u>(67,512)</u>	<u>(67,512)</u>
Balance, end of year	<u>\$ 1,406,221</u>	<u>\$11,651,156</u>	<u>\$13,057,377</u>

7. GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2021 and 2020:

	2021	2020
Virginia Department of Social Services.....	\$184,972	\$ 3,500
Virginia Department of Education.....	48,119	....
Other	<u>10,847</u>	<u>....</u>
	<u>\$243,938</u>	<u>\$ 3,500</u>

8. CONSTRUCTION IN PROGRESS

Costs related to the construction of new Club facilities at the Northern Urban Ring location totaled \$1,393,912 and \$72,069 at June 30, 2021 and 2020, respectively. The new construction is expected to be completed in the fall of 2022. The estimated cost to complete is approximately \$21.5 million.

During the year ended June 30, 2020, construction was moved from the original building site to the Club's preferred location, reducing construction costs and increasing access to the nearby school. The move is saving the Club an estimated \$2 million in construction costs. Due to expenses associated with site preparation and design work on the original site, \$314,671 was written off as "sunk" costs for the project. These "sunk" costs are recognized as relocation of construction costs on the statement of functional expenses.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

9. DEFERRED REVENUE

Deferred revenue represents funds that have been received but not yet earned by the Club, such as grant proceeds received but not spent by year end, funds received for potential future clubs, and funds received for special events scheduled to take place after year end. Deferred revenue consisted of the following at June 30, 2021 and 2020:

	2021	2020
Unexpended grant funds	\$ <u> </u>	\$ <u> 6,971</u>
Total deferred revenue	\$ <u> </u>	\$ <u> 6,971</u>

10. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020 and January 2021, the Club received \$548,200 and \$497,565, respectively, from the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) of 2020.

The PPP provides for unsecured loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels.

The Club used the proceeds for purposes consistent with the PPP and the loans were fully forgiven on December 11, 2020 and June 14, 2021, respectively.

The PPP loan and forgiveness of that loan are subject to audit by the Small Business Administration (SBA) for six years after the date the loan is forgiven or repaid in full. The possible disallowance by the SBA of any item charged to the program cannot be determined until such time when an audit occurs. Therefore, no provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements.

Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

11. LINE OF CREDIT

Virginia National Bank has extended a \$250,000 annual unsecured line of credit to the Club with interest payable monthly at a rate of the higher of the Wall Street Journal Prime Rate or 3.75%. At June 30, 2021 and 2020, the interest rate was 3.75%. The line was renewed on April 1, 2021 and matures April 1, 2022. As of June 30, 2021, no draws had been made on the line of credit and it was still available for use until the maturity date. An officer at Virginia National Bank is a member of the Club’s Board of Directors, but the line of credit was obtained in the ordinary course of business.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2021 and 2020, the Club was in compliance with all terms and conditions related to the line of credit.

12. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Undesignated assets	\$5,119,687	\$3,423,226
Investment in property and equipment, net.....	5,089,077	5,300,365
Undesignated liabilities	<u>(213,835)</u>	<u>(744,031)</u>
Total net assets without donor restrictions	<u>\$9,994,929</u>	<u>\$7,979,560</u>

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at June 30, 2021 and 2020:

	2021	2020
Subject only to the passage of time:		
Pledges receivable	\$ 1,318,532	\$
Total subject to the passage of time.....	<u>1,318,532</u>	<u>.....</u>
Subject to appropriation and expenditure when a specified event occurs:		
Boys & Girls Clubs - Madison	\$ 992,865	\$ 521,888
Boys & Girls Clubs - Orange	1,126,830	697,521
Boys & Girls Clubs - Southwood.....	652,143	652,034
Boys & Girls Clubs - James River	1,328,036	1,261,909
Boys & Girls Clubs - Northern Urban Ring	15,579,526	14,918,821
Boys & Girls Clubs - Building Great Futures	15,365,791	8,608,736
Boys & Girls Clubs - Hunter J. Smith Fund	1,014,069	.....
Boys & Girls Clubs - Sarah P. Hendley Fund for Kids	1,099,493	.....
Various	<u>55,186</u>	<u>43,585</u>
Total subject to appropriation and expenditure	<u>37,213,939</u>	<u>26,704,494</u>
Total net assets with donor restrictions	<u>\$38,532,471</u>	<u>\$26,704,494</u>

14. EMPLOYEE BENEFIT PLAN

The Club adopted a 403(b) thrift plan on January 1, 2015. All employees are eligible to participate in the plan; however, only those employees who are at least 18 years old, complete one year of service, and have worked at least 1,000 hours during the current year are eligible to receive employer matching funds. The Plan was amended effective June 1, 2020 to change eligibility provisions. A service hour requirement was added instead of allowing all employees to participate on date of hire. During the years ended June 30, 2021 and 2020, the total cost to the Club was \$53,732 and \$47,138, respectively.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

15. LEASE COMMITMENTS

The Club rents space from Orange County Public Schools under the terms of a lease agreement that requires a monthly rental fee of \$1,208. The lease expired on June 30, 2021 and was renewed. The new lease is effective from July 1, 2021 through June 30, 2022. Escalation to cover increases in actual utility and/or maintenance costs, not to exceed 5%, may be applied annually at the discretion of the Schools.

Total rent expense was \$21,625 and \$22,598 for the years ended June 30, 2021 and 2020, respectively.

16. IN-KIND CONTRIBUTIONS

The Club conducts activities in facilities for which it pays no or below-market rents. The estimated market value of the use of these facilities is included in both support and expense in the statement of activities. The estimated market values for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Southwood, Charlottesville	\$ 13,000	\$ 13,000
Jack Jouett Middle School, Charlottesville	25,000	31,000
Orange County Public School Building	42,000	39,000
Madison County Public School Building	22,000	22,000
Scottsville Community Center Building	<u>13,000</u>	<u>13,000</u>
	<u>\$115,000</u>	<u>\$118,000</u>

The Club also receives various donated supplies and other items that it uses in its program services and fund-raising activities. The Club's estimate of the fair value of the donated items was \$57,199 and \$13,049 during the years ended June 30, 2021 and 2020, respectively.

17. SPECIAL EVENTS

The Club conducts various special events that promote and support the Club's programs. During the year ended June 30, 2020, three of the Club's largest special events were canceled due to COVID-19. During the year ended June 30, 2021, all of the Club's special events were canceled due to COVID-19. Total gross proceeds and expenses from events for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Special events fees and contributions	\$ 4,146	\$349,260
Special events in-kind donations .....	....	2,301
Special events expenses	<u>....</u>	<u>(41,338)</u>
Total special events (net of expenses)	<u>\$ 4,146</u>	<u>\$310,223</u>

BOYS & GIRLS CLUBS OF CENTRAL VIRGINIA

NOTES TO FINANCIAL STATEMENTS

18. CAPITAL CAMPAIGN CONTRIBUTIONS

Capital campaign contributions represent amounts received from donors for the purpose of acquiring, constructing, or expanding, and operating new or existing club locations.

For the year ended June 30, 2021, the Club received approximately 59% of capital campaign contributions from three donors.

For the year ended June 30, 2020, the Club received approximately 61% of capital campaign contributions from three donors.

19. CONCENTRATIONS

For the year ended June 30, 2021, the Club received approximately 46% of contributions from one donor. For the year ended June 30, 2021, the Club earned approximately 62% of grant revenue from two grantors. As of June 30, 2021, approximately 73% of the gross outstanding balance of pledges receivable was due from four donors.

For the year ended June 30, 2020, the Club received approximately 52% of contributions from one donor. For the year ended June 30, 2020, the Club earned approximately 66% of grant revenue from four grantors. As of June 30, 2020, approximately 69% of the gross outstanding balance of pledges receivable was due from one donor.

20. LIQUIDITY AND AVAILABILITY

The Club regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Club considers investment income without donor restrictions, contribution revenue without donor restrictions, and contribution revenue with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include program services, management and general expenses, and fund-raising expenses expected to be paid in the subsequent year.

The Club manages its cash available to meet general expenditures under the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

**BOYS & GIRLS CLUBS
OF CENTRAL VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure were as follows:

	2021	2020
Cash and cash equivalents	\$ 3,748,054	\$ 3,026,687
Pledges receivable, net	533,878	491,387
Grants receivable	243,938	3,500
Investments	<u>19,224,729</u>	<u>10,564,794</u>
Total available for general expenditure	<u>\$23,750,599</u>	<u>\$14,086,368</u>

The Club also has a \$250,000 line of credit available.