

**BOYS & GIRLS CLUB
OF INDIAN RIVER COUNTY, INC.
AND AFFILIATE**

**Consolidated Financial Statements
and Supplementary Information
with
Independent Auditors' Report**

June 30, 2021
(With Comparative Totals for 2020)

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KMETZ • ELWELL • GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Boys & Girls Club of Indian River County, Inc. and Affiliate
Vero Beach, Florida

We have audited the accompanying consolidated financial statements of the Boys & Girls Club of Indian River County, Inc. (a nonprofit organization) and Affiliate which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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To the Board of Directors
Boys & Girls Club of Indian River County, Inc. and Affiliate

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Indian River County, Inc. and Affiliate as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Boys & Girls Club of Indian River County, Inc. and Affiliate's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and statement of activities and changes in net assets (unrestricted) on pages 19-20 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants

Vero Beach, Florida
October 18, 2021



Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Financial Position
Year ended June 30, 2021
(With comparative totals for 2020)

	2021	2020
	Total	Total (memo only)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,682,563	\$ 1,735,055
Grants receivable	117,560	17,861
Pledges receivable	-	10,000
Prepaid expenses	49,128	46,702
Total Current Assets	1,849,251	1,809,618
Investments	3,374,453	2,661,777
Leasehold interests	623,257	638,948
Property and equipment, net	7,510,133	7,629,393
	\$ 13,357,094	\$ 12,739,736
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 34,746	\$ 13,101
Accrued wages and vacation pay	71,542	84,429
Deferred revenue	26,100	-
Capital lease obligation, current	5,222	4,947
Total Current Liabilities	137,610	102,477
Long-Term Liabilities		
Capital lease obligation, less current portion	714	6,359
Note Payable PPP-1	-	226,800
Note Payable PPP-2	226,800	-
Total Long-Term Liabilities	227,514	233,159
Net Assets		
Without donor restrictions:		
Operating	7,959,098	8,092,078
Board designated	4,340,929	3,587,670
With donor restrictions	691,943	724,352
Total Net Assets	12,991,970	12,404,100
	\$ 13,357,094	\$ 12,739,736

See accompanying notes to consolidated financial statements.



Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Activities and Changes in Net Assets
Year ended June 30, 2021
(With comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total (memo only)
Revenues and other support				
Contributions	\$ 1,254,464	\$ 57,225	\$ 1,311,689	\$ 1,200,119
Grants	425,723	-	425,723	436,877
Fundraising events/projects	283,600	-	283,600	492,625
Net investment income	712,623	-	712,623	(46,648)
Program fees	91,988	-	91,988	161,013
Loss on disposal of asset	(90,191)	-	(90,191)	-
Net assets released from restrictions through satisfaction of purpose	89,634	(89,634)	-	-
Total revenues and other support	2,767,841	(32,409)	2,735,432	2,243,986
Expenses				
Program services:				
Youth Programs - Athletics	163,624	-	163,624	132,525
Youth Programs - Destinations	122,526	-	122,526	168,105
Youth Programs - Fellsmere	461,797	-	461,797	465,040
Youth Programs - Sebastian	447,680	-	447,680	453,354
Youth Programs - Vero Beach	790,196	-	790,196	802,089
Total program services	1,985,823	-	1,985,823	2,021,113
Supporting services:				
Management and general	100,229	-	100,229	129,412
Fundraising	61,510	-	61,510	164,918
Total supporting services	161,739	-	161,739	294,330
Total expenses	2,147,562	-	2,147,562	2,315,443
Increase (decrease) in net assets	620,279	(32,409)	587,870	(71,457)
Net assets, beginning of year	11,679,748	724,352	12,404,100	12,475,557
Net assets, end of year	\$ 12,300,027	\$ 691,943	\$ 12,991,970	\$ 12,404,100

See accompanying notes to consolidated financial statements.



Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Functional Expenses
Year ended June 30, 2021
(With comparative totals for 2020)

2021

2020

	Program Services					Supporting Services		Total	Total (memo only)
	Athletics	Destination	Fellsmere	Sebastian	Vero beach	Management and General	Fundraising		
Salaries and wages	\$ 125,269	\$ 81,221	\$220,630	\$ 219,427	\$ 323,200	\$ 43,936	\$ 33,916	\$ 1,047,599	\$1,140,588
Staff benefits and payroll taxes	20,806	17,109	41,447	39,390	56,903	8,645	6,394	190,694	203,338
Occupancy									
Rent	-	-	3,199	1,159	11,333	-	-	15,691	31,308
Insurance	-	-	15,486	11,123	34,640	3,019	-	64,268	53,027
Telephone and utilities	1,448	-	20,012	17,929	54,046	450	-	93,885	85,871
Repairs and maintenance	4,265	-	30,099	33,408	77,307	2,787	-	147,866	115,239
Rentals - equipment	48	-	7,257	10,092	7,813	9,164	244	34,618	34,724
Transportation	150	252	15,008	17,749	27,484	254	91	60,988	56,240
Program activities	5,000	18,655	16,076	17,788	21,722	16	-	79,257	102,836
Professional services	764	764	1,530	1,530	2,296	8,416	-	15,300	15,300
Board development/insurance	-	-	-	-	-	5,124	-	5,124	6,991
Printing and advertising	-	-	122	-	123	701	8,494	9,440	15,353
Supplies and postage	175	272	520	857	734	3,760	284	6,602	8,037
Small equipment/furn purchases	2,276	-	3,733	2,804	1,248	-	-	10,061	28,570
Licenses and dues	-	8	7,538	7,369	7,409	3,492	1,264	27,080	17,844
Miscellaneous	3,321	4,179	8,350	7,752	12,000	3,820	1,641	41,063	25,616
Depreciation	-	-	70,436	58,982	151,340	5,139	-	285,897	262,784
Staff training and meetings	102	66	354	321	598	1,506	285	3,232	3,431
Direct fundraising event costs	-	-	-	-	-	-	8,465	8,465	107,672
Interest expense	-	-	-	-	-	-	432	432	674
Total expenses	\$ 163,624	\$ 122,526	\$461,797	\$ 447,680	\$ 790,196	\$ 100,229	\$ 61,510	\$ 2,147,562	\$2,315,443

See accompanying notes to consolidated financial statements.



Boys & Girls Club of Indian River County, Inc.
Consolidated Statement of Cash Flows
Year ended June 30, 2021
(With comparative totals for 2020)

	2021	2020
	Total	Total (memo only)
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 587,870	\$ (71,457)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	285,897	262,784
Realized (gains) losses on investments	(135,104)	192,486
Unrealized (gains) losses on investments	(541,945)	(295,417)
Loss on disposal of asset	90,191	-
Changes in assets and liabilities:		
Grants receivable	(99,699)	107,551
Pledges receivable	10,000	896,350
Prepaid expenses	(2,426)	(4,306)
Leasehold interests	15,691	31,308
Accounts payable and accrued expenses	21,645	(336,773)
Accrued wages and vacation pay	(12,887)	18,617
Deferred revenue	26,100	(900)
Net cash provided by operating activities	245,333	800,243
Cash flows from investing activities:		
Purchase of property and equipment	(256,827)	(1,320,759)
Purchase of investments	(876,737)	(1,370,485)
Proceeds from sales of investments	841,109	1,785,007
Net cash used for investing activities	(292,455)	(906,237)
Cash flows from financing activities:		
Principal payments on capital lease obligation	(5,370)	(4,032)
Proceeds from PPP-1 notes payable	-	226,800
Proceeds from PPP-2 notes payable	226,800	-
Forgiveness of PPP-1 note payable	(226,800)	-
Net cash provided by (used for) financing activities	(5,370)	222,768
Net increase (decrease) in cash	(52,492)	116,774
Cash, beginning of year	1,735,055	1,618,281
Cash, end of year	\$ 1,682,563	\$ 1,735,055
Supplemental disclosure:		
Cash paid for interest expense	\$ 432	\$ 674

See accompanying notes to consolidated financial statements.



Note 1 – Nature of Organization

The Boys & Girls Club of Indian River County, Inc. (the Club) was formed on February 4, 2000, to help local youth develop the qualities needed to become responsible citizens and leaders in the community. The organization grew from humble beginnings in an elementary school classroom to become one of the largest youth development organizations in the county. The Club serves more than 1,000 children ages 6-18 each year and hundreds of additional youth through community outreach. It operates three locations, one each in Vero Beach, Sebastian and Fellsmere. The Club welcomes children of all backgrounds, with special emphasis placed on those from disadvantaged circumstances.

The Club locations are open from 2:30 p.m. to 6:30 p.m. after school and all day during summer and on school breaks. Scholarships are provided for any child who is unable to pay the attendance fee. When children walk through the doors of the Club, they enter a safe, positive environment with caring youth development professionals and world-class programs. Key initiatives offered by the Clubs include homework help and tutoring, technology programs, athletics, field trips, and preparation for college and careers through the Destinations teen program. As the demand and need for the Boys & Girls Clubs increases, the organization continues to diversify its revenue streams, drawing support from individual donors, corporations and various agency grants.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Club have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The consolidated financial statements include the accounts of the Boys & Girls Clubs Foundation of Indian River County, Inc. (the Foundation). All significant inter-organization balances and transactions were eliminated in consolidation.

On July 29, 2012, the Club formed the Boys & Girls Club Foundation of Indian River County, Inc. (Foundation) for the purpose of holding certain investments and soliciting contributions on behalf of the Club. The Club is allowed to appoint the majority of the Foundation's Board of Directors, and the Foundation's bylaws require that the majority of the contributions and earnings on invested assets inure to the benefit of the Club. Accordingly, the accounts of the Foundation have been consolidated herein, as required by generally accepted accounting principles.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

The Club follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,500. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is provided using the straight-line method over estimated useful lives ranging from 3 to 39 years.

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Club that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a 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 restriction and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Club is a nonprofit organization as described in Sec. 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using specific identification or time & effort analysis as appropriate to the underlying natural expense categories.

The significant expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and Effort
Occupancy	Location or Program
Program activities	Location or Program
Depreciation	Location

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 estimates.

Prior Period Information

The consolidated financial statements include certain prior year summarized comparative information intended to be read only in relation to the current period figures. The comparative information was derived from the Club's consolidated financial statements for the year ended June 30, 2020 and does not herein include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Additionally, the prior year comparative figures may reflect certain reclassifications of amounts to conform to current year presentations.

Note 2 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for Club until annual periods beginning after December 15, 2018. Subsequently, FASB issued ASU 2020-08 that deferred that effective date until annual periods beginning after December 15, 2019 due to the COVID-19 pandemic. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of the initial application. The Club has applied the provisions of these ASUs to the June 30, 2021 and 2020 financial statements, respectively. There was no material impact on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Club has applied the provisions of this ASU to the December 31, 2021 and 2020 consolidated financial statements. There was no material impact on the consolidated financial statements.

Note 3 – Uninsured Cash/Investment Balances and Credit Risk

Financial instruments which potentially subject the Club to a concentration of credit risk include cash and investments held at financial institutions, which at times exceed FDIC/SIPC insurance limits or are subject to risks associated within the underlying securities. The Club has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash and investment balances.

Note 4 – Liquidity and Availability of Financial Assets

The Club has \$1,710,931 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include operating cash of \$1,682,563 and grants receivable of \$28,368. An annual appropriation and transfer from the Foundation's investments to the Club for operations is expected to continue. The Club will additionally fund operating needs through program services income, contributions, and fundraising.

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 5 – Property and Equipment, net

The following is a summary of property and equipment:

	June 30, 2020	Additions	Deletions	June 30, 2021
Vehicles	\$ 129,980	\$ 175,693	\$ (25,000)	\$ 280,673
Leasehold improvements	146,994	-	(146,994)	-
Office equipment/furnishings	64,991	-	(23,000)	41,991
Club equipment/furnishings	167,619	-	-	167,619
Sebastian building	1,445,893	73,839	-	1,519,732
Sebastian building improvements	-	8,295	-	8,295
Vero Beach buildings	5,247,183	-	-	5,247,183
Fellsmere building	2,162,583	-	-	2,162,583
Fellsmere building improvements	30,784	-	-	30,784
	9,396,027	257,827	(194,994)	9,458,860
Less accumulated depreciation	(1,766,633)	(285,897)	103,803	(1,948,727)
	\$7,629,394	\$ (28,070)	\$ (91,191)	\$7,510,133

Note 6 – Investments

Investments consist of the following as of June 30, 2021:

	Cost	Fair Value	Unrealized Gains (Losses)
Cash and equivalents	\$ 239,754	\$ 239,754	\$ -
Gov't and agency securities	273,936	280,337	6,401
Corporate bonds	138,564	142,328	3,764
Mutual funds	652,282	799,114	146,832
Equities	1,538,265	1,912,920	374,655
	\$ 2,842,801	\$ 3,374,453	\$ 531,652

The components of total investment return from investments for June 30, 2021, are reflected below:

Dividends and interest	\$ 65,001
Net realized and unrealized gains (losses)	676,549
Investment fees and expenses	(28,927)
	\$ 712,623

Note 7 – Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. The three levels of inputs that may be used to measure value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

Fair Value Measurements at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash & equivalents	\$ 1,682,563	\$ 1,682,563	\$ -	\$ -
Investments	3,374,453	3,374,453	-	-
Leasehold interests	623,257	-	-	623,257
	\$ 5,680,273	\$ 5,057,016	\$ -	\$ 623,257

Note 8 – Leasehold Interests and Donated Facilities Usage

The Club leases land from the City of Vero Beach, the City of Sebastian, the City of Fellsmere, and Indian River County under respective 50-year leases, all with annual \$1 rental payments. Lease terms expire in April 2058, October 2051, February 2069, and August 2058, respectively.

The Club finalized the initial improvements of these leases, placed them in service, and has capitalized them as leasehold interests and donated facilities. The fair market value of the leases has been recorded in the accompanying financial statements as net assets with donor restrictions.

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 8 – Leasehold Interests and Donated Facilities Usage (continued)

Amounts to be released are as follows:

Less than one year	\$ 15,691
One to five years	62,764
More than five years	544,802
	\$ 623,257

Note 9 – Revolving Line of Credit

The Club obtained a revolving line of credit from Seacoast National Bank in the amount of \$100,000. As of June 30, 2021, the balance due on this line of credit is \$0. This line of credit carries interest at the bank’s prime rate, adjusted as necessary for any minimum/maximum rate limitations, with an effective rate not to be less than 5.0%. The line of credit is payable on demand with a maturity date of February 26, 2024.

Note 10 – Lease Agreement

The Club leases four copiers under a 60-month capital lease with monthly payments of \$1,295 and a maturity date of December 5, 2022. Future principal lease payments due under this capital lease are as follows:

June 30, 2022	\$ 5,222
June 30, 2023	714
	\$ 5,936

Note 11 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2021:

Leasehold interests	\$ 623,257
Camp scholarships	68,686
	\$ 691,943

Net assets released from donor restrictions during the fiscal year ended June 30, 2021 are as follows:

Leasehold interests amortized	\$ 15,691
Camp scholarships	73,943
	\$ 89,634



Note 12 – Net Assets Without Donor Restriction – Board Designated

Boys and Girls Club of Indian River County, Inc.

As of June 30, 2021, the Board of Directors has designated \$4,340,929 of net assets without donor restrictions for future capital expansion and club growth. Of this amount, \$250,000 is designated capital reserves and \$640,321 as operating reserves held by the Club. \$3,450,608 of net assets without donor restrictions is maintained by the Foundation as further described below.

Boys and Girls Club Foundation of Indian River County, Inc.

The Foundation consists of funds transferred by the Club's Board of Directors to function as quasi-endowments. Funds functioning as quasi-endowments are organization resources designated by the board as endowment and are invested for long-term appreciation and current income. These assets, however, remain available and may be spent at the board's discretion. Funds functioning as quasi-endowments are recorded as net assets without donor restrictions.

To date, no funds have been received by the Club or the Foundation as donor-imposed endowments. Any funds that may be contributed by a donor-imposed endowment donation in the future would be classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In June 2011, Florida enacted the Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which was effective July 1, 2012, and adopted by the Foundation. The Board of Directors of the Foundation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation will classify as permanently restricted net assets (a) the original dollar value of gifts donated to the permanent endowment, (b) the original dollar 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 any donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the Organization's board.

In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Club and Foundation
- Current investment policies of the Foundation

Boys & Girls Club of Indian River County, Inc.
Notes to Consolidated Financial Statements (continued)

Note 12 –Net Assets Without Donor Restriction – Board Designated (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Foundation policies require to retain as a fund of perpetual duration. If this were to occur, the Foundation would not expend any monies from the fund until the fair market value of the fund returns to a level above the principal. The Foundation does not have any individual donor restricted endowments nor associated deficiencies as of June 30, 2021.

Return Objective and Risk Parameters

The Foundation has adopted a balanced growth investment approach seeking to protect the long term principal value of the quasi-endowment while providing long term real growth of the principal. The Foundation understands that actual returns in any given year may vary, and that adoption of this objective does not assure achievement of any specific investment results.

Strategies Employed for Achieving Objectives

The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints with the asset mix to consist of 35%-75% equity instruments, 10%-55% fixed income securities, 0%-20% global real estate and commodities, and 0%-20% money market funds. The Foundation has preference for simple investment structures which will have lower cost, easier oversight, and less complexity for internal financial management. The Foundation has hired an investment manager to assist them in reaching these goals.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation’s spending policy is authorized by the respective Boards of Directors of Boys and Girls Club of Indian River County, Inc. and Boys and Girls Club Foundation of Indian River County, Inc. Such policy is to consider expected rates of return on investments, restrictions on principal, requirements to support operations and special projects, maintenance of prudent reserves, tax code requirements, and allowances for market and economic uncertainties, as applicable. Transfers to operating accounts from the quasi-endowment funds earnings require appropriation by the Foundation’s Board.

Changes in the board designated funds for the year ended June 30, 2021 are as follows:

	Club	Foundation	Total
Board-designated net assets at June 30, 2020	\$ 890,321	\$ 2,697,349	\$ 3,587,670
Contributions	-	-	-
Net investment activity	-	753,259	753,259
Appropriated for expenditure	-	-	-
Board-designated net assets at June 30, 2021	\$ 890,321	\$ 3,450,608	\$ 4,340,929



Note 13 – Contributed Services

The Club receives services from a number of volunteers who give significant amounts of their time to programs and fund-raising campaigns. These donated services are of a nonprofessional capacity and as such do not meet the criteria for financial statement recognition. Therefore, these services are not reflected in the financial statements.

Note 14 – Employee Benefit Plans

The Club initiated a money purchase plan on January 1, 2010. Each employee working 30 hours or more per week is eligible to participate when they reach 21 years of age and have completed one year of service to the Club. Under the plan, the Club may make contributions equal to 5% of the employee's compensation for the year. Employees are 100% vested in employer contributions after six years of service. Contributions for the year ended June 30, 2021, were \$30,589. The Club also maintains a 403(b) retirement plan whereby eligible employees can voluntarily contribute a percentage of their compensation up to the Elective Deferral Dollar Limit permitted under Code Section 415.

Note 15 – Note Payable - PPP Forgivable

In April 2020 the Club received loan proceeds in the amount of \$226,800 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses and nonprofits for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The funds must be spent over the "Covered Period" which is either twenty-four weeks or, if the Club elects, eight weeks from the loan disbursement date.

The PPP loan provides for grantees to apply for loan forgiveness any time on or before the maturity date of the loan, including before the end of the Covered Period. The PPP loan and accrued interest are forgivable, as long as the Club used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. In December of 2020, the Club received notification from the Small Business Administration (SBA), that the loan amount of \$226,800 and any accrued interest had been fully forgiven.

On January 25, 2021, the Club received additional loan proceeds in the amount of \$226,800 under the SBA's Paycheck Protection Program Second Draw Loans under Section 7(a)(37) of the Small Business Act ("PPP-SD"). This note is subject to the terms, conditions, and provisions of the Small Business Act, the Coronavirus Aid, Relief, and Economic security Act ("CARES Act"), and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act ("Economic Aid Act") (collectively the "PPP Rules") as applicable. This second PPP loan and accrued interest are forgivable, as long as the Club used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. In August 2021, the Club received notification from the Small Business Administration (SBA), that the loan amount of \$226,800 and any accrued interest had been fully forgiven.

Note 16 – Fundraising Activities

The following is a summary of fundraising activities conducted during the year ending June 30, 2021:

	Income	Direct Expenses	Net Income (Loss)
Angels dinner	\$ 269,500	\$ 4,840	\$ 264,660
Golf tournament	600	1,614	(1,014)
Easter Parade	3,000	-	3,000
Bridge	10,500	106	10,394
	<u>\$ 283,600</u>	<u>\$ 6,560</u>	<u>\$ 277,040</u>

Note 17 - Subsequent Events

COVID-19 Disruption

In March 2020, a global pandemic was declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The pandemic has significantly impacted the economic conditions in the United States, including disrupting supply chains and affecting production and sales across a range of industries. The extent of the ultimate effects of COVID-19 on the Organizations operating and financial performance cannot be predicted at this time, as they are dependent on many factors, including, but not limited to: (i) the duration and spread of the outbreak, (ii) the impact on our community, management personnel and service providers, and (iii) the impact on the local, state, national and global economies.

Management has evaluated subsequent events through October 18, 2021 the date the financial statement was made available to be issued. After consideration of the above, management is not aware of any additional events subsequent to the statement of net position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Boys & Girls Club of Indian River County, Inc.
Consolidating Statement of Financial Position
Year ended June 30, 2021

	Boys & Girls Club of Indian River County, Inc.	Boys & Girls Club Foundation of Indian River County, Inc.	Consolidated
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,603,636	\$ 78,927	\$ 1,682,563
Grants receivable	117,560	-	117,560
Prepaid expenses	49,128	-	49,128
Interfund borrowings	2,772	(2,772)	-
Total Current Assets	1,773,096	76,155	1,849,251
Other Assets			
Investments	-	3,374,453	3,374,453
Leasehold interests	623,257	-	623,257
Property and equipment, net	7,510,133	-	7,510,133
Total Other Assets	8,133,390	3,374,453	11,507,843
	\$ 9,906,486	\$ 3,450,608	\$ 13,357,094
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued expenses	\$ 34,746	\$ -	\$ 34,746
Accrued wages and vacation pay	71,542	-	71,542
Deferred revenue	26,100	-	26,100
Capital lease obligation, current	5,222	-	5,222
Total Current Liabilities	137,610	-	137,610
Long-term Liabilities			
Capital lease obligation, less current portion	714	-	714
Note Payable PPP	226,800	-	226,800
Total Long-term Liabilities	227,514	-	227,514
Net Assets			
Without donor restriction:			
Operating	7,959,098	-	7,959,098
Board designated	890,321	3,450,608	4,340,929
With donor restrictions	691,943	-	691,943
Total Net Assets	9,541,362	3,450,608	12,991,970
	\$ 9,906,486	\$ 3,450,608	\$ 13,357,094

Boys & Girls Club of Indian River County, Inc.
Consolidating Statement of Activities and Changes in Net Assets
Year ended June 30, 2021

	Boys & Girls Club of Indian River County, Inc.	Boys & Girls Club Foundation of Indian River County, Inc.	Consolidated
Revenues and other support			
Contributions	\$ 1,265,077	\$ 46,612	\$ 1,311,689
Grants	425,723	-	425,723
Fundraising events/projects	283,600	-	283,600
Net investment income	89	712,534	712,623
Loss on disposal of asset	(90,191)	-	(90,191)
Program fees	91,988	-	91,988
Total revenues and other support	1,976,286	759,146	2,735,432
Expenses			
Program services:			
Youth Programs - Athletics	163,624	-	163,624
Youth Programs - Destinations	122,526	-	122,526
Youth Programs - Fellsmere	461,797	-	461,797
Youth Programs - Sebastian	447,680	-	447,680
Youth Programs - Vero Beach	790,196	-	790,196
Total program services	1,985,823	-	1,985,823
Supporting services:			
Management and general	94,342	5,887	100,229
Fundraising	61,510	-	61,510
Total supporting services	155,852	5,887	161,739
Total expenses	2,141,675	5,887	2,147,562
Increase (decrease) in net assets	(165,389)	753,259	587,870
Net assets, beginning of year	9,706,751	2,697,349	12,404,100
Interfund transfers	-	-	-
Net assets, end of year	\$ 9,541,362	\$ 3,450,608	\$ 12,991,970