

BOYS AND GIRLS CLUB OF GREATER HOLLAND

CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020



**BOYS & GIRLS CLUB
OF GREATER HOLLAND**

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Independent Auditors' Report

February 8, 2022

Board of Directors
Boys and Girls Club of Greater Holland
Holland, Michigan

We have audited the accompanying consolidated financial statements of Boys and Girls Club of Greater Holland (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 auditors' 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boys and Girls Club of Greater Holland and affiliate as of August 31, 2021 and 2020, and the consolidated 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.

Ferris, Basscher & Zwierns, P.C.

Certified Public Accountants
Holland, Michigan

**BOYS AND GIRLS CLUB OF GREATER HOLLAND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020**

	2021	2020
Assets		
Current assets:		
Cash	\$ 892,230	\$ 635,618
Accounts receivable	2,000	3,461
Contributions receivable	119,373	18,214
Grants receivable	129,207	43,966
Employee retention credit receivable	450,202	-
Prepaid expenses	<u>35,592</u>	<u>29,337</u>
Total current assets	<u>1,628,604</u>	<u>730,596</u>
Property and equipment, net	4,962,763	5,178,960
Investments	5,688,081	4,585,715
Contributions receivable, net of current portion	18,666	18,666
Assets with donor restrictions in perpetuity:		
Investments	<u>258,000</u>	<u>258,000</u>
Total assets	<u><u>\$ 12,556,114</u></u>	<u><u>\$ 10,771,937</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 13,213	\$ 15,191
Accrued wages and related expenses	78,223	65,957
Accrued pension	18,535	18,901
Security deposit	750	750
Scholarship payable	<u>5,201</u>	<u>-</u>
Total current liabilities	<u>115,922</u>	<u>100,799</u>
PPP loan	<u>-</u>	<u>218,400</u>
Total liabilities	<u>115,922</u>	<u>319,199</u>
Net assets:		
Without donor restrictions:		
Undesignated	6,223,048	5,414,259
Board designated	4,033,138	2,977,227
With donor restrictions:		
Temporary in nature	1,926,006	1,803,252
Perpetual in nature	<u>258,000</u>	<u>258,000</u>
Total net assets	<u>12,440,192</u>	<u>10,452,738</u>
Total liabilities and net assets	<u><u>\$ 12,556,114</u></u>	<u><u>\$ 10,771,937</u></u>

See notes to consolidated financial statements

**BOYS AND GIRLS CLUB OF GREATER HOLLAND
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support						
Contributions	\$ 682,115	\$ 197,182	\$ 879,297	\$ 693,786	\$ 343,668	\$ 1,037,454
United Way	15,074	8,728	23,802	7,029	-	7,029
Grants	562,302	-	562,302	362,954	-	362,954
In-kind contributions	4,728	-	4,728	5,475	-	5,475
Special fundraising events, net of direct expenses of \$66,196 and \$28,417	406,510	-	406,510	211,633	-	211,633
Memberships	4,340	-	4,340	3,815	-	3,815
Investment gain, net	1,077,685	-	1,077,685	405,627	-	405,627
Facility rental	6,525	-	6,525	5,250	-	5,250
PPP loan forgiveness	449,600	-	449,600	-	-	-
FFCRA payments	23,678	-	23,678	-	-	-
Employee retention credit	450,202	-	450,202	-	-	-
Saugatuck reimbursement	80,256	-	80,256	-	-	-
Net assets released from restrictions	83,156	(83,156)	-	305,000	(305,000)	-
Total revenue, gains and other support	<u>3,846,171</u>	<u>122,754</u>	<u>3,968,925</u>	<u>2,000,569</u>	<u>38,668</u>	<u>2,039,237</u>
Expenses						
Program services	1,741,381	-	1,741,381	1,664,337	-	1,664,337
Management and general	158,071	-	158,071	162,772	-	162,772
Fundraising	82,019	-	82,019	87,315	-	87,315
Total expenses	<u>1,981,471</u>	<u>-</u>	<u>1,981,471</u>	<u>1,914,424</u>	<u>-</u>	<u>1,914,424</u>
Change in net assets	1,864,700	122,754	1,987,454	86,145	38,668	124,813
Net assets - September 1	<u>8,391,486</u>	<u>2,061,252</u>	<u>10,452,738</u>	<u>8,305,341</u>	<u>2,022,584</u>	<u>10,327,925</u>
Net assets - August 31	<u>\$ 10,256,186</u>	<u>\$ 2,184,006</u>	<u>\$ 12,440,192</u>	<u>\$ 8,391,486</u>	<u>\$ 2,061,252</u>	<u>\$ 10,452,738</u>

See notes to consolidated financial statements

BOYS AND GIRLS CLUB OF GREATER HOLLAND
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Wages	\$ 1,013,353	\$ 105,611	\$ 57,887	\$ 1,176,851	\$ 988,462	\$ 100,688	\$ 57,959	\$ 1,147,109
Payroll taxes	79,910	7,416	4,263	91,589	78,504	6,789	3,913	89,206
Fringe benefits	81,542	19,638	9,262	110,442	64,077	29,237	14,645	107,959
Total wages and related expenses	<u>1,174,805</u>	<u>132,665</u>	<u>71,412</u>	<u>1,378,882</u>	<u>1,131,043</u>	<u>136,714</u>	<u>76,517</u>	<u>1,344,274</u>
Audit	6,960	560	480	8,000	6,960	560	480	8,000
Cleaning	5,689	240	60	5,989	6,169	260	65	6,494
Contingencies	5,229	996	-	6,225	4,522	861	-	5,383
Dues and subscriptions	2,967	459	106	3,532	9,732	1,506	348	11,586
Insurance	37,037	1,559	390	38,986	36,358	1,531	383	38,272
Maintenance	53,797	1,948	805	56,550	44,784	1,622	670	47,076
Mileage and meals	727	129	-	856	1,539	272	-	1,811
Miscellaneous	5,823	469	401	6,693	6,032	485	416	6,933
Office supplies	1,535	1,823	480	3,838	1,192	1,414	372	2,978
Professional fees	13,959	1,122	963	16,044	14,659	1,179	1,011	16,849
Program supplies	81,472	-	-	81,472	43,974	-	-	43,974
Publicity	5,071	1,908	2,073	9,052	4,530	1,704	1,851	8,085
Rent	7,650	-	-	7,650	7,650	-	-	7,650
Safety	1,034	129	129	1,292	3,644	456	456	4,556
Seminars and conferences	4,424	1,701	680	6,805	7,625	2,933	1,173	11,731
Telephone and technology	29,503	5,162	2,212	36,877	23,121	4,046	1,734	28,901
Utilities	64,944	2,735	683	68,362	63,343	2,668	666	66,677
Vehicle expense	22,566	38	38	22,642	25,092	43	43	25,178
Vending	359	-	-	359	2,151	-	-	2,151
Total expenses before depreciation	<u>1,525,551</u>	<u>153,643</u>	<u>80,912</u>	<u>1,760,106</u>	<u>1,444,120</u>	<u>158,254</u>	<u>86,185</u>	<u>1,688,559</u>
Depreciation	<u>215,830</u>	<u>4,428</u>	<u>1,107</u>	<u>221,365</u>	<u>220,217</u>	<u>4,518</u>	<u>1,130</u>	<u>225,865</u>
Total expenses	<u>\$ 1,741,381</u>	<u>\$ 158,071</u>	<u>\$ 82,019</u>	<u>\$ 1,981,471</u>	<u>\$ 1,664,337</u>	<u>\$ 162,772</u>	<u>\$ 87,315</u>	<u>\$ 1,914,424</u>

See notes to consolidated financial statements

**BOYS AND GIRLS CLUB OF GREATER HOLLAND
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 1,987,454	\$ 124,813
Noncash items included in change in net assets:		
Depreciation	221,365	225,865
Unrealized gain on investment	(1,006,013)	(337,847)
Reinvested investment income	(71,520)	(65,930)
PPP loan forgiveness	(449,600)	-
Changes in operating assets and liabilities:		
Decrease (increase) in receivables and prepaid expenses	(641,396)	246,660
Increase (decrease) in accounts payable, accrued liabilities, security deposit and scholarship payable	15,123	(282,998)
Net cash provided (used) by operating activities	55,413	(89,437)
 Cash Flows from Investing Activities		
Proceeds from sale of investments	1,413,063	1,102,000
Purchase of assets	(5,168)	(16,852)
Purchase of investments	(1,437,896)	(1,011,783)
Net cash provided (used) by investing activities	(30,001)	73,365
 Cash Flows from Financing Activities		
Borrowing, long-term	231,200	218,400
Net cash provided by financing activities	231,200	218,400
 Net increase in cash and cash equivalents	256,612	202,328
Cash and equivalents - September 1	635,618	433,290
Cash and equivalents - August 31	\$ 892,230	\$ 635,618

See notes to consolidated financial statements

BOYS AND GIRLS CLUB OF GREATER HOLLAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Boys and Girls Club of Greater Holland is a non-profit community-supported organization. The purpose of the Organization is to provide youth, many of whom are in disadvantaged circumstances, a safe, caring environment. The Organization offers everyday diversified services designed to encourage the total development of children through positive experiences and opportunities.

Basis of Accounting

The Organization prepares its consolidated financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements of the Boys and Girls Club of Greater Holland include the consolidating financial resources and activities of Boys and Girls Club of Greater Holland Foundation (Foundation). The Foundation is a not-for-profit corporation whose principal office is in Holland, Michigan. It exists to receive, hold, invest, and administer funds for the exclusive benefit of the Organization. The Foundation is incorporated in the State of Michigan to operate as a charitable organization within the meaning of Section 501(c)(3) of the code. It is exempt from federal and state income taxes, and contributions by the public are deductible within the limitations prescribed by the code. The Foundation has been classified as a public organization, which is not a private foundation under Section 509(a) of the code. All inter-organization balances and transactions have been eliminated in the consolidation.

Net Assets

The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. The Organization's unspent contributions are included in this class if the donor limited their use.

**BOYS AND GIRLS CLUB OF GREATER HOLLAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Cash and Equivalents

For purposes of the consolidated statements of cash flows, cash includes all highly liquid investments with original maturities of three months or less. The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the years ended August 31, 2021 and 2020 the bank balance of these accounts exceeded the insured limit. The Organization maintains these demand deposits at two financial institutions. The Organization believes they are not exposed to any significant interest rate or other risk on these deposits.

Accounts Receivable

The Organization believes the amounts carried in accounts receivable are current and collectible. The Organization generally does not require collateral or other security on its accounts receivable. There was no allowance at August 31, 2021 or 2020.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The following is a schedule of promises to give as of August 31, 2021 and 2020:

	2021	2020
Receivable in less than one year	\$ 119,373	\$ 18,214
Receivable in one to five years	<u>18,666</u>	<u>18,666</u>
	138,039	36,880
Net promises to give	<u>\$ 138,039</u>	<u>\$ 36,880</u>

Conditional Promises to Give

Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give at August 31, 2021 or 2020.

Employee Retention Credit Receivable

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Organization is eligible for a refundable employee retention credit subject to certain criteria, which the Organization has met. The employee retention credit receivable represents refunds filed on quarterly IRS form 941-X forms. Accordingly, the organization recognized \$450,202 in revenue for the year ended August 31, 2021.

BOYS AND GIRLS CLUB OF GREATER HOLLAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Purchases of property and equipment that have a unit cost of \$1,000 or more and an estimated useful life of more than one year are capitalized at cost. Donated assets are capitalized at the estimated fair market value at time of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. In the absence of donor-imposed restrictions on the use of the assets, gifts of long-lived assets are reported as net assets without donor restrictions. Depreciation expense for the years ended August 31, 2021 and 2020 was \$221,365 and \$225,865 respectively.

Tax Status

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore, is not subject to federal or state income taxes.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the consolidated statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the consolidated statements of activities and functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

**BOYS AND GIRLS CLUB OF GREATER HOLLAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Wages and related expenses are allocated based on activity reports generated by the Organization's management.

Rent, utilities, and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Publicity Costs

The Organization expenses all publicity costs as incurred.

Donated Materials, Services and Fixed Assets

The value of donated materials and services included in the consolidated financial statements and the corresponding expense for the years ended August 31 are as follows:

	2021	2020
Special event items	\$ 2,728	\$ 4,575
Program materials	<u>2,000</u>	<u>900</u>
Total	<u>\$ 4,728</u>	<u>\$ 5,475</u>

Numerous volunteers have donated significant amounts of time to the Organization's program services. No amounts have been reflected in the consolidated financial statements for these services because they did not meet the criteria for recognition under SFAS No. 116, nor is a value for these services readily determinable.

Risks and Uncertainty

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The Organization is closely monitoring its investment portfolio. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees, members, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's consolidated statements of financial position, activities, functional expense and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

BOYS AND GIRLS CLUB OF GREATER HOLLAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31 are:

	2021	2020
Financial assets:		
Cash	\$ 892,230	\$ 635,618
Accounts receivable	2,000	3,461
Contributions receivable (current)	119,373	18,214
Grants receivable	129,207	43,966
Employee retention credit receivable	450,202	-
Contributions receivable (long term)	18,666	18,666
Investments	<u>5,946,081</u>	<u>4,843,715</u>
Total financial assets	<u>7,557,759</u>	<u>5,563,640</u>
Less financial assets held to meet donor-imposed and board designated restrictions:		
Time restricted net assets	(1,912,943)	(1,885,154)
Purpose restricted net assets	(180,935)	(161,264)
Board designated investments	<u>(3,795,295)</u>	<u>(2,783,478)</u>
Total available for general expenditures within one year	<u>\$1,668,586</u>	<u>\$ 733,744</u>

The above table reflects the Organization's financial assets as of August 31, 2021 and 2020, reduced by amounts not available for general use because of donor-imposed or time restrictions within one year. The Organization has an endowment fund that is board designated for long-term use. The Organization can elect to withdrawal 4% of the fair value of investments each year for general expenditures.

3. Fair Value of Assets

The Organization adopted the Financial Accounting Standards Board's (FASB) standard regarding Fair Value Measurements. The standard establishes 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. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets valued using level 3 inputs are based on pricing models, discounted cash flow methodologies or similar techniques where at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation. The fair value of the investments is based on unadjusted quoted market prices within active markets. Valuation techniques utilized to determine fair values are consistently applied.

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
August 31, 2021	Fair value			
Vanguard Mutual Funds	<u>\$ 5,946,081</u>	<u>\$ 5,946,081</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 5,946,081</u>	<u>\$ 5,946,081</u>	<u>\$ -</u>	<u>\$ -</u>

BOYS AND GIRLS CLUB OF GREATER HOLLAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

3. Fair Value of Assets (Continued)

		Fair Value Measurements Using:		
August 31, 2020	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Vanguard Mutual Funds	\$ 4,843,715	\$ 4,843,715	\$ -	\$ -
Total	<u>\$ 4,843,715</u>	<u>\$ 4,843,715</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization has investments in securities at Vanguard. The fair value of the mutual funds is based on quoted net asset values of the shares held at year-end.

Investments consisted of the following as of August 31:

		2021		
	Cost	Fair Value	Unrealized Appreciation	
Vanguard Mutual Funds:				
Federal Money Market	\$ 291,639	\$ 291,639	\$ -	
S & P 500 Index Fund	830,829	1,424,155	593,326	
International Growth Fund	337,003	509,981	172,978	
Total Bond Market Index Fund	722,167	732,263	10,096	
Total Stock Market Index Fund	767,917	1,230,456	462,539	
Mid-cap Index Fund	766,704	1,221,034	454,330	
Short-term Bond Index	<u>530,403</u>	<u>536,553</u>	<u>6,150</u>	
Total	<u>\$4,246,662</u>	<u>\$5,946,081</u>	<u>\$ 1,699,419</u>	
		2020		
	Cost	Fair Value	Unrealized Appreciation	
Vanguard Mutual Funds:				
Federal Money Market	\$1,679,682	\$1,679,682	\$ -	
S & P 500 Index Fund	554,547	829,312	274,765	
International Growth Fund	207,419	282,427	75,008	
Total Bond Market Index Fund	389,715	412,870	23,155	
Total Stock Market Index Fund	465,012	640,367	175,355	
Mid-cap Index Fund	529,797	663,767	133,970	
Short-term Bond Index	<u>324,137</u>	<u>335,290</u>	<u>11,153</u>	
Total	<u>\$4,150,309</u>	<u>\$4,843,715</u>	<u>\$ 693,406</u>	

**BOYS AND GIRLS CLUB OF GREATER HOLLAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

4. Community Foundation Endowment Fund

The Organization has an endowment fund held with the Community Foundation of the Holland/Zeeland Area. The amounts contributed by donors to the endowment fund are owned and controlled by the Community Foundation and are not reflected on the Organization's consolidated statements of financial position. The Organization will be able to request, on an annual basis, a calculated amount from the earnings of the endowment fund to be used to fund the operations of the Organization. The fair market value of the endowment fund, as reported by the Community Foundation of the Holland/Zeeland Area at August 31, 2021 and 2020 was \$141,291 and \$113,558, respectively.

5. Endowment Fund

The Organization's endowments were established to support the general operations of the Organization. These funds include donor restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Michigan's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the contribution as of the gift date for donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the historical dollar value of gifts donated to the donor restricted endowment, (b) the historical dollar value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any donor-restricted endowment fund that would not be classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts would be appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board considers a variety of factors in its appropriation decisions, including the duration and preservation of the endowment funds, the individual donors' intentions and the prevailing economic and market conditions, as well as the Organization's investment policies and financial situation.

Changes in the endowment net assets were as follows for the years ended August 31, 2021 and 2020:

	Changes in Endowment Net Assets		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowed net assets, September 1, 2019	\$ -	\$ 258,000	\$ 258,000
Contributions	-	-	-
Appropriations of net assets	-	-	-
Endowed net assets, August 31, 2020	-	258,000	258,000
Contributions	-	-	-
Appropriations of net assets	-	-	-
Endowed net assets, August 31, 2021	<u>\$ -</u>	<u>\$ 258,000</u>	<u>\$ 258,000</u>

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5. Endowment Fund (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

Strategies Employed for Achieving Objectives

Since the inception of the endowment, the Organization's policy has been that any income generated by the endowment funds would be appropriated by the Board for the Organization's general use. To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for general use each year no more than 4% of its endowment fund's fair value. In establishing this policy, the Organization considered the long-term expected return on its endowments.

6. Property and Equipment

Property and equipment consisted of the following at August 31:

	2021	2020
Building and improvements	\$ 7,963,695	\$ 7,959,729
Furniture and fixtures	907,869	906,667
Computer hardware and software	19,787	27,895
Equipment	159,687	159,687
Vehicles	<u>84,486</u>	<u>84,486</u>
Total	9,135,524	9,138,464
Accumulated depreciation	<u>(4,172,761)</u>	<u>(3,959,504)</u>
Property and equipment, net	<u>\$ 4,962,763</u>	<u>\$ 5,178,960</u>

7. Line of Credit

The Organization has a line of credit with Fifth Third Bank for \$250,000. It incurs interest at the bank prime rate. The balance owed at August 31, 2021 and 2020 was \$0. The line matures in December 2022.

8. Scholarship Payable

The Organization received funds on behalf of its members in the form of a scholarship. The members plan to use the funds in the next school year so the liability is classified as current.

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9. PPP Loan

The Organization received \$231,200 and \$218,400 in 2021 and 2020, respectively, under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides loans to qualified organizations in amounts up to 2.5 times the organizations monthly payroll expenses. PPP loans and accrued interest are forgivable after a covered period of 8 to 24 weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rents, and utilities. The Organization initially recorded a note payable and subsequently recorded forgiveness when the obligation was legally released. The Organization recognized \$449,600 of loan forgiveness for the year ended August 31, 2021.

10. Retirement Plan

The Organization has a retirement plan which allows participation by all employees who have attained age 21, have one year of service and work at least 1,000 hours per year. For the years ended August 31, 2021 and 2020 the Organization contributed \$27,249 and \$25,145, respectively.

11. Operating Leases

The Organization leases a facility from Holland Christian Schools for the Gateway Preschool program. The lease requires an annual payment adjusted by the consumer price index. Total rent expense for the years ended August 31, 2021 and 2020 was \$7,650.

In December of 2018, the Organization signed a five-year copy machine lease that requires monthly payments of \$1,055. The lease includes monthly IT and server maintenance. Annual adjustments are permitted and additional use charges may be added. Total rent expense for all copiers and IT maintenance for years ended August 31, 2021 and 2020 was \$14,796 and \$15,486, respectively.

In October 2020, the Organization signed a 39-month vehicle lease that requires monthly payments of \$551. Total expense for the years ended August 31, 2021 and 2020 was \$6,066 and \$6,759, respectively.

The following is a schedule of future minimum rental payments that have remaining non-cancelable lease terms in excess of one year as of August 31:

2022	19,272
2023	19,272
2024	5,369

The Organization leases the Teen Center facility to a local church on a week-to-week basis.

Rental income for the years ended August 31, 2021 and 2020 was \$6,525 and \$5,250, respectively.

12. Net Assets, Board Designated

At August 31, net assets without donor restriction are designated for the following purpose:

	2021	2020
Long-term operating reserves	<u>\$4,033,138</u>	<u>\$2,977,227</u>

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13. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at August 31:

	2021	2020
Time restrictions:		
United Way	\$ 8,728	\$ -
Contributions receivable	81,400	33,500
Endowment Fund-Investments	1,625,943	1,572,110
Endowment Fund-Receivable	<u>29,000</u>	<u>36,378</u>
Total time restrictions	<u>1,745,071</u>	<u>1,641,988</u>
Purpose restrictions:		
Keystone program	8,055	8,315
Torch Club	5,931	5,931
Holland Heights	-	27,083
Scholarship	16,569	14,935
First Voice film	45,380	-
Teen programing	100,000	100,000
Office furniture	<u>5,000</u>	<u>5,000</u>
Total purpose restrictions	<u>180,935</u>	<u>161,264</u>
Total	<u><u>\$1,926,006</u></u>	<u><u>\$1,803,252</u></u>

Net assets with donor restrictions in perpetuity are available for the following purposes at August 31:

	2021	2020
Endowment Fund - Investments	<u>\$ 258,000</u>	<u>\$ 258,000</u>

14. Subsequent Events

The Organization has evaluated subsequent events through February 8, 2022, the date on which the consolidated financial statements were available to be issued.