

Boys & Girls Club of Greenwich, Inc.

**Financial Statements
and Independent Auditor's Report**

June 30, 2023 and 2022

Boys & Girls Club of Greenwich, Inc.

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Independent Auditor's Report

To the Board of Directors
Boys & Girls Club of Greenwich, Inc.

Opinion

We have audited the financial statements of Boys & Girls Club of Greenwich, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boys & Girls Club of Greenwich, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Club of Greenwich, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Club of Greenwich, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

CohnReznick LLP

Hartford, Connecticut
January 17, 2024

Boys & Girls Club of Greenwich, Inc.

**Statements of Financial Position
June 30, 2023 and 2022**

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 1,814,820	\$ 1,575,136
Current portion of pledges and other receivables	1,704,497	453,073
Prepaid expenses and other current assets	81,028	75,196
	<u>3,600,345</u>	<u>2,103,405</u>
Total current assets		
Noncurrent assets		
Pledges and other receivables, net	3,267,788	1,382,293
Investments	13,642,371	12,077,510
Beneficial interest in perpetual trust	320,370	315,086
Property and equipment, net	13,345,980	12,465,642
	<u>30,576,509</u>	<u>26,240,531</u>
Total noncurrent assets		
Total assets	<u>\$ 34,176,854</u>	<u>\$ 28,343,936</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 309,547	\$ 220,142
Deferred revenue	611,795	627,320
	<u>921,342</u>	<u>847,462</u>
Total current liabilities		
Total liabilities	<u>921,342</u>	<u>847,462</u>
Net assets		
Without donor restrictions	<u>22,193,909</u>	<u>21,580,836</u>
With donor restrictions		
Time or purpose	10,741,233	5,600,552
Perpetuity	320,370	315,086
	<u>11,061,603</u>	<u>5,915,638</u>
Total with donor restrictions		
Total net assets	<u>33,255,512</u>	<u>27,496,474</u>
Total liabilities and net assets	<u>\$ 34,176,854</u>	<u>\$ 28,343,936</u>

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Statements of Activities Years Ended June 30, 2023 and 2022

	Year ended June 30, 2023			Year ended June 30, 2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support						
Public support						
Contributions	\$ 1,270,561	\$ 1,530,138	\$ 2,800,699	\$ 1,310,910	\$ 100,000	\$ 1,410,910
Contribution - PPP	-	-	-	403,210	-	403,210
Special events, net of cost of direct benefit to donors (\$191,187 and \$145,122 for 2023 and 2022, respectively)	730,489	-	730,489	870,529	-	870,529
Grants	388,712	-	388,712	256,492	-	256,492
United Way of Greenwich	23,436	-	23,436	19,707	-	19,707
Club house fees and membership dues	474,482	-	474,482	458,272	-	458,272
Program service fees	353,883	-	353,883	366,359	-	366,359
Perpetual trust	17,355	-	17,355	18,849	-	18,849
Total public support	<u>3,258,918</u>	<u>1,530,138</u>	<u>4,789,056</u>	<u>3,704,328</u>	<u>100,000</u>	<u>3,804,328</u>
Investment income (loss)						
Net realized and unrealized investment gains (losses)	652,000	439,975	1,091,975	(1,279,068)	(619,154)	(1,898,222)
Interest and dividends	187,995	79,294	267,289	155,804	71,095	226,899
Change in value of beneficial interest in perpetual trust	-	5,284	5,284	-	(72,940)	(72,940)
Total investment income (loss)	<u>839,995</u>	<u>524,553</u>	<u>1,364,548</u>	<u>(1,123,264)</u>	<u>(620,999)</u>	<u>(1,744,263)</u>
Other revenue						
Other contributions	-	4,881,659	4,881,659	-	2,041,296	2,041,296
Miscellaneous revenue	16,915	-	16,915	20,635	-	20,635
Total other revenue	<u>16,915</u>	<u>4,881,659</u>	<u>4,898,574</u>	<u>20,635</u>	<u>2,041,296</u>	<u>2,061,931</u>
Total revenues, gains and other support	4,115,828	6,936,350	11,052,178	2,601,699	1,520,297	4,121,996
Net assets released from restriction	<u>1,790,385</u>	<u>(1,790,385)</u>	<u>-</u>	<u>494,422</u>	<u>(494,422)</u>	<u>-</u>
Total revenue	<u>5,906,213</u>	<u>5,145,965</u>	<u>11,052,178</u>	<u>3,096,121</u>	<u>1,025,875</u>	<u>4,121,996</u>

Boys & Girls Club of Greenwich, Inc.

**Statements of Activities
Years Ended June 30, 2023 and 2022**

	Year ended June 30, 2023			Year ended June 30, 2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses						
Functional expenses						
Program services						
Individual and family outreach	1,202,338	-	1,202,338	1,054,933	-	1,054,933
Camp Simmons	313,713	-	313,713	307,688	-	307,688
Education	754,361	-	754,361	614,166	-	614,166
Field house activities	773,049	-	773,049	737,160	-	737,160
Physical	645,538	-	645,538	595,889	-	595,889
Aquatics	694,975	-	694,975	635,389	-	635,389
Total program services	4,383,974	-	4,383,974	3,945,225	-	3,945,225
Supporting services						
Management and general	433,104	-	433,104	412,283	-	412,283
Fundraising	476,062	-	476,062	445,743	-	445,743
Total supporting services	909,166	-	909,166	858,026	-	858,026
Total functional expenses	5,293,140	-	5,293,140	4,803,251	-	4,803,251
Other expenses						
Loss on abandoned capital project	-	-	-	49,950	-	49,950
Total functional expenses and other expenses	5,293,140	-	5,293,140	4,853,201	-	4,853,201
Change in net assets	613,073	5,145,965	5,759,038	(1,757,080)	1,025,875	(731,205)
Net assets, beginning	21,580,836	5,915,638	27,496,474	23,337,916	4,889,763	28,227,679
Net assets, end	\$ 22,193,909	\$ 11,061,603	\$ 33,255,512	\$ 21,580,836	\$ 5,915,638	\$ 27,496,474

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Statement of Functional Expenses Year Ended June 30, 2023

	Program services						Supporting services			Total	
	Individual and family outreach	Camp Simmons	Education	Field house activities	Physical	Aquatics	Total program services	Management and general	Fundraising		Total supporting services
Salaries	\$ 640,269	\$ 214,764	\$ 147,679	\$ 113,314	\$ 173,135	\$ 153,679	\$ 1,442,840	\$ 272,290	\$ 316,962	\$ 589,252	\$ 2,032,092
Payroll taxes and fringe benefits	144,963	48,625	33,436	25,656	39,200	34,795	326,675	61,649	71,763	133,412	460,087
Total salaries, payroll taxes and benefits	785,232	263,389	181,115	138,970	212,335	188,474	1,769,515	333,939	388,725	722,664	2,492,179
Scholarships and awards	-	-	286,656	-	-	-	286,656	-	-	-	286,656
Conferences and staff development	2,402	165	1,727	3,839	2,638	3,027	13,798	493	351	844	14,642
Insurance	15,104	-	10,164	22,593	15,526	17,813	81,200	2,904	2,067	4,971	86,171
Equipment rental and maintenance	10,253	-	6,900	15,337	10,540	12,093	55,123	1,971	1,403	3,374	58,497
National, state and local dues	3,400	-	2,288	5,086	3,495	4,010	18,279	654	465	1,119	19,398
Occupancy	98,227	8,216	71,629	159,222	109,421	125,540	572,255	20,463	14,568	35,031	607,286
Postage and shipping	747	175	620	1,379	948	1,088	4,957	177	126	303	5,260
Printing and publications	7,155	880	5,407	12,019	8,260	9,477	43,198	1,545	1,100	2,645	45,843
Professional fees	59,264	24	39,897	88,685	60,947	69,925	318,742	11,398	8,114	19,512	338,254
Supplies and services	7,354	18,324	17,280	38,410	26,397	30,285	138,050	4,936	3,514	8,450	146,500
Telephone	3,866	-	2,601	5,783	3,947	4,559	20,756	743	529	1,272	22,028
Travel and transportation	5,542	1,641	4,834	10,745	7,384	8,472	38,618	1,381	983	2,364	40,982
Capital consulting	34,539	-	23,243	51,664	35,506	40,737	185,689	6,640	4,727	11,367	197,056
Miscellaneous	59,749	2,648	33,081	73,312	50,857	57,804	277,451	9,359	37,222	46,581	324,032
Total expense before depreciation	1,092,834	295,462	687,442	627,044	548,201	573,304	3,824,287	396,603	463,894	860,497	4,684,784
Depreciation	109,504	18,251	66,919	146,005	97,337	121,671	559,687	36,501	12,168	48,669	608,356
Total expenses	\$ 1,202,338	\$ 313,713	\$ 754,361	\$ 773,049	\$ 645,538	\$ 694,975	\$ 4,383,974	\$ 433,104	\$ 476,062	\$ 909,166	\$ 5,293,140

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Statement of Functional Expenses Year Ended June 30, 2022

	Program services						Supporting services			Total	
	Individual and family outreach	Camp Simmons	Education	Field house activities	Physical	Aquatics	Total program services	Management and general	Fundraising		Total supporting services
Salaries	\$ 552,673	\$ 209,424	\$ 130,717	\$ 107,396	\$ 150,050	\$ 123,540	\$ 1,273,800	\$ 259,872	\$ 322,669	\$ 582,541	\$ 1,856,341
Payroll taxes and fringe benefits	117,884	44,670	27,882	22,907	32,005	26,351	271,699	55,430	68,825	124,255	395,954
Total salaries, payroll taxes and benefits	670,557	254,094	158,599	130,303	182,055	149,891	1,545,499	315,302	391,494	706,796	2,252,295
Scholarships and awards	-	-	181,239	-	-	-	181,239	-	-	-	181,239
Conferences and staff development	1,800	120	1,292	2,872	1,974	2,265	10,323	369	263	632	10,955
Insurance	13,591	-	9,146	20,330	13,971	16,030	73,068	2,613	1,860	4,473	77,541
Equipment rental and maintenance	5,941	301	4,200	9,336	6,416	7,361	33,555	1,200	854	2,054	35,609
National, state and local dues	3,901	-	2,625	5,835	4,010	4,600	20,971	750	534	1,284	22,255
Occupancy	115,928	7,195	82,853	184,173	126,568	145,213	661,930	23,670	16,851	40,521	702,451
Postage and shipping	629	149	524	1,164	800	918	4,184	150	107	257	4,441
Printing and publications	5,213	365	3,753	8,343	5,734	6,578	29,986	1,072	763	1,835	31,821
Professional fees	55,381	345	37,500	83,358	57,286	65,724	299,594	10,713	7,627	18,340	317,934
Supplies and services	10,971	19,638	20,598	45,786	31,465	36,101	164,559	5,884	4,189	10,073	174,632
Telephone	3,664	-	2,466	5,481	3,767	4,322	19,700	704	501	1,205	20,905
Travel and transportation	5,380	433	3,912	8,696	5,976	6,857	31,254	1,118	796	1,914	33,168
Capital consulting	43,670	-	29,387	65,324	44,892	51,505	234,778	8,395	5,977	14,372	249,150
Miscellaneous	1,077	5,510	4,432	9,853	6,771	7,769	35,412	1,266	901	2,167	37,579
Total expense before depreciation	937,703	288,150	542,526	580,854	491,685	505,134	3,346,052	373,206	432,717	805,923	4,151,975
Depreciation	117,230	19,538	71,640	156,306	104,204	130,255	599,173	39,077	13,026	52,103	651,276
Total expenses	\$ 1,054,933	\$ 307,688	\$ 614,166	\$ 737,160	\$ 595,889	\$ 635,389	\$ 3,945,225	\$ 412,283	\$ 445,743	\$ 858,026	\$ 4,803,251

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 5,759,038	\$ (731,205)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	608,356	651,276
Loss on abandoned capital project	-	49,950
Discount on long-term pledges receivable	58,305	168,707
Net realized and unrealized investment (gains) losses	(1,091,975)	1,898,222
Change in value of beneficial interest in perpetual trust	(5,284)	72,940
Contribution - PPP	-	(403,210)
Change in assets		
Pledges and other receivables	(3,195,224)	(1,926,018)
Prepaid expenses and other current assets	(5,832)	(36,063)
Change in liabilities		
Accounts payable and accrued expenses	89,405	(716,071)
Deferred revenue	(15,525)	207,230
	<u>2,201,264</u>	<u>(764,242)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(1,488,694)	(672,745)
Proceeds from sale of investments	1,536,851	1,888,581
Purchase of investments	(2,009,737)	(5,056,726)
	<u>(1,961,580)</u>	<u>(3,840,890)</u>
Net cash used in investing activities		
Net increase (decrease) in cash	239,684	(4,605,132)
Cash, beginning	<u>1,575,136</u>	<u>6,180,268</u>
Cash, end	<u>\$ 1,814,820</u>	<u>\$ 1,575,136</u>

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Note 1 - Organization and nature of activities

Boys & Girls Club of Greenwich, Inc. (the "Club"), affiliated with The Boys & Girls Clubs of America (as a charter member), is a not-for-profit organization incorporated in the State of Connecticut. The Club is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

The Club is focused on meeting the needs of the community, state and nation, by serving children. The Club is committed to offering children high-quality education programs, a diverse community, a sense of character and citizenship, and a safe, nurturing, and affordable environment, to better their chances at finding success in life. The Club's staff and board are solely focused on fulfilling its mission to: "prepare young people, through enrichment opportunities and supportive relationships, to be responsible, caring and productive community members". Some of the Club's activities include: an athletic program which includes in-house sports leagues, a swimming pool, the Torch Club and Keystone Club; a homework help program, which includes: a learning center classroom, computer center and tutoring center, a summer day camp, swimming lessons and swim teams. The Club's programs are supported primarily by grants and contributions, fundraising activities, membership dues and program fees.

Note 2 - Summary of significant accounting policies

Basis of presentation

The Club's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the statements have been prepared to focus on the Club as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net assets, revenues, gains and losses are reported for accounting purposes in separate classes based on the existence or absence of donor-imposed restrictions or on those imposed by operation of law. Accordingly, the net assets of the Club are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, or to those imposed by operation of law. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors (the "Board") or may otherwise be limited by contractual agreements with outside parties.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Club or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of assets with perpetual restrictions permit the Club to use, for general or specific purposes, all or part of the net investment return, if any.

Cash and cash equivalents

The Club considers as cash equivalents all highly liquid investments, which can be converted into cash and have a maturity period of 90 days or less at the time of purchase.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Club capitalizes property and equipment with a cost of \$1,000 or higher and useful life of one year or more. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated lives for financial reporting purposes are as follows:

	<u>Estimated useful lives</u>
Building and improvements	5 - 40 years
Camp buildings and equipment	7 - 40 years
Furniture and equipment	5 - 10 years
Automobiles and buses	5 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of activities for the period.

Impairment of long-lived assets

The Club reviews its long-lived assets for impairment whenever events or circumstances indicate the carrying amount of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no impairment losses during 2023 and 2022.

Revenue recognition

Special events, club house fees, membership dues and program service fees

Revenue is recognized when control of the promised service is transferred to the Club's members at a point in time, in an amount that depicts the consideration the Club expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

The Club's payment terms vary by the type of services offered. The Club's standard payment terms generally align with the timing of the services performed and do not include a financing component. The Club has the unconditional right to consideration as it satisfies the performance obligations, therefore, no contractual assets are recognized.

The Club records deferred revenues when payments are received in advance of the Club's performance under the contract, which are recognized as revenue as the performance obligation is satisfied. Revenue recognized from performance obligations that were satisfied, or partially satisfied, in prior periods was not material. Deferred revenues were \$611,795 and \$627,320 as of June 30, 2023 and 2022, respectively. The balance was \$420,090 at June 30, 2021.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Contributions

Transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Club has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Club fails to overcome the barrier. The Club recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without 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 as net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Grants

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Club, the revenue from the grant or contract is accounted for as an exchange transaction. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Club deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as deferred revenue.

On the other hand, when the resource provider does not receive commensurate value, the transaction is accounted for as a contribution.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Gifts of long-lived assets

The Club reports gifts of land, buildings and equipment as support without donor restriction 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 donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Club reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Contributed goods and services

The Club receives contributed goods and services. The Club generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Club with specific assistance programs, campaign solicitations and various committee assignments. These services do not meet the criteria of recognition and therefore are not reflected in the accompanying statements of activities. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional expenses

Expenses are allocated based on their functional purposes among the Club's various program and supporting services. Expenses which can be identified with a specific program or supporting activity are allocated directly to that activity. Other expenses that are common to several functions are allocated among the programs and supporting services benefited based upon management estimates, square footage or by time and effort reports.

Allowance for doubtful accounts

The Club determined that no allowance for doubtful accounts was necessary as of June 30, 2023 and 2022 regarding its pledges and other receivables. Such determination was based on a combination of factors, such as management's assessment of the creditworthiness of its donors, a review of individual accounts outstanding, the aged basis of its receivables and historical experience.

Investments

Investments are carried at fair value. Unrealized and realized gains and losses are recognized as changes in net assets in the period in which they occur, and investment income is recognized as revenue in the period earned.

Income taxes

The Club is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal or state corporate income taxes. The Club has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Management has analyzed the tax positions taken by the Club and has concluded that, as of June 30, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Club's federal and state information returns prior to fiscal year 2020 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Boys & Girls Club of Greenwich, Inc.

**Notes to Financial Statements
June 30, 2023 and 2022**

If the Club had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through January 17, 2024, which is the date the financial statements were available to be issued.

Note 3 - Liquidity

The Club regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2023 and 2022, the Club had the following financial assets available to meet annual operating needs for the next fiscal year:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,814,820	\$ 1,575,136
Pledges and other receivables	348,045	26,073
Available draw from investments	<u>625,764</u>	<u>629,506</u>
 Total financial assets available to meet general expenditures over the next 12 months	 <u>\$ 2,788,629</u>	 <u>\$ 2,230,715</u>

As part of the Club's liquidity management, the Club keeps its financial assets available as its general expenditures, liabilities, and other obligations come due.

Note 4 - Pledges and other receivables

Pledges and other receivables as of June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
One year and less	\$ 1,704,497	\$ 453,073
One to five years	<u>3,494,800</u>	<u>1,551,000</u>
	5,199,297	2,004,073
Less		
Discount to present value (3.50%)	<u>(227,012)</u>	<u>(168,707)</u>
	4,972,285	1,835,366
Less current portion	<u>(1,704,497)</u>	<u>(453,073)</u>
Noncurrent portion, net	<u>\$ 3,267,788</u>	<u>\$ 1,382,293</u>

Pledges and other receivables due in more than one year are recognized at fair value, using present value techniques and a discount rate of 3.50%.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Note 5 - Assets held in trust

The Club is the beneficiary of a perpetual trust (the "Trust") administered by a third-party financial institution. The Club's interest in the net assets of the Trust is included in the statements of financial position as beneficial interest in perpetual trust and classified as net assets with donor restrictions - perpetuity. The fair value of the assets held in trust at June 30, 2023 and 2022 was \$320,370 and \$315,086, respectively. The Club is entitled to the income it earns which is distributed quarterly, in perpetuity.

Note 6 - Property and equipment

Property and equipment, net, consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 19,872	\$ 19,872
Building and improvements	20,493,226	20,494,433
Camp buildings and equipment	1,136,372	1,090,745
Furniture and equipment	1,159,639	1,139,909
Automobiles and buses	196,962	196,964
Construction in progress	<u>2,091,064</u>	<u>667,187</u>
Subtotal	25,097,135	23,609,110
Less accumulated depreciation	<u>(11,751,155)</u>	<u>(11,143,468)</u>
Property and equipment, net	<u>\$ 13,345,980</u>	<u>\$ 12,465,642</u>

Depreciation expense amounted to \$608,356 and \$651,276 for the years ended June 30, 2023 and 2022, respectively.

Construction in progress relates to certain developments for the Clubhouse and Camp Simmons.

Note 7 - Paycheck Protection Program

On April 5, 2021, the Club received a loan for \$403,210 from First County Bank through the Small Business Administration's Paycheck Protection Program, Second Draw, to cover payroll and utility costs. The loan bore interest at 1% and was to be paid in monthly installments or in a lump sum, beginning on August 5, 2022. However, per the loan agreement, the loan was forgiven on November 12, 2021 as the funds were used to cover payroll costs. The proceeds of the loan have been recognized on the statement of activities as contribution - PPP during the year ended June 30, 2022.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Note 8 - Employee benefit plans

The Club is a participant in the Boys & Girls Clubs of America's Pension Plan (the "Plan"). The Plan is a defined contribution multi-employer plan, which provides retirement benefits based on the actual value of contributions at the time of retirement. An employee must be 21 years of age and must have completed one year of full-time employment before the employee becomes eligible to participate. For employees hired before June 30, 2009, the plan was 100% immediate vesting in the Club's contribution. For employees hired after June 30, 2009, the Plan grants 20% vesting when the employee completes two years of employment and adds another 20% vesting each year until the employee reaches six years of employment, at which point the employee is fully vested.

The Club contributed to the Plan 3% of eligible employee's compensation from July 1, 2021 through March 31, 2022 and then increased the contribution percentage to 7% through June 30, 2023. Contribution expense for the years ended June 30, 2023 and 2022 amounted to \$65,942 and \$50,553, respectively. The Plan's sponsor has no intent of withdrawing from the Plan.

The Club also offers a Section 403(b) retirement savings plan for its employees. The Club may make discretionary contributions to the plan on behalf of its participants. The Club made no contributions to this plan during the years ended June 30, 2023 and 2022.

Note 9 - Net assets with donor restrictions

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

	<u>2023</u>	<u>2022</u>
Camp Simmons fund	\$ 1,957,462	\$ 1,761,569
Scholarship fund	2,703,695	2,029,690
Other contributions	<u>6,080,076</u>	<u>1,809,293</u>
Net assets with donor restrictions - time or purpose	<u>\$ 10,741,233</u>	<u>\$ 5,600,552</u>

Net assets with donor restrictions - perpetuity consists of a beneficial interest in a trust in which investment assets are held in perpetuity by a third-party trustee. The Club received the annual income of \$17,355 and \$18,849 for the years ended June 30, 2023 and 2022, respectively, which is without donor restrictions. Realized and unrealized appreciation remains part of the trust principal.

Note 10 - Investments and fair value measurements

The Club values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Club utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Financial assets carried at fair value as of June 30, 2023 are classified in the table one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money market funds	\$ 813,000	\$ -	\$ -	\$ 813,000
Mutual funds				
Europe stock	731,241	-	-	731,241
Mid-cap blends	926,286	-	-	926,286
Short government funds	2,253,155	-	-	2,253,155
Short-term bonds	2,066,481	-	-	2,066,481
Foreign large blends	1,324,063	-	-	1,324,063
Large blends	5,528,145	-	-	5,528,145
	<u>13,642,371</u>	<u>-</u>	<u>-</u>	<u>13,642,371</u>
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>320,370</u>	<u>320,370</u>
Total assets at fair value	<u>\$ 13,642,371</u>	<u>\$ -</u>	<u>\$ 320,370</u>	<u>\$ 13,962,741</u>

Financial assets carried at fair value as of June 30, 2022 are classified in the table in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds				
Europe stock	\$ 682,404	\$ -	\$ -	\$ 682,404
Mid-cap blends	872,109	-	-	872,109
Short government funds	2,231,276	-	-	2,231,276
Short-term bonds	2,017,154	-	-	2,017,154
Foreign large blends	1,228,846	-	-	1,228,846
Large blends	5,045,721	-	-	5,045,721
	<u>12,077,510</u>	<u>-</u>	<u>-</u>	<u>12,077,510</u>
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>315,086</u>	<u>315,086</u>
Total assets at fair value	<u>\$ 12,077,510</u>	<u>\$ -</u>	<u>\$ 315,086</u>	<u>\$ 12,392,596</u>

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Investments in mutual funds and money market funds are valued using market prices in active markets ("Level 1"). Mutual funds held are open-ended funds that are registered with the Securities and Exchange Commission and are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds are deemed to be actively traded.

The Club's beneficial interest in perpetual trust is classified as Level 3 and the fair value is based on the fair values of the underlying investments within these agreements, which are established by the trustee using fair values in an active market for similar assets. The trustee provides the Club with investment statements and valuations of its portion of the trust at year-end. These are evaluated annually by the Club without adjustments. As such, the Club is not required to provide certain quantitative disclosures regarding the valuation methods used because they were unobtainable.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Club believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are subject to market volatility that could substantially change their value in the near term. The Club's investment return spending policy is discretionary. During the years ended June 30, 2023 and 2022, the distribution for current spending limit policy was up to 5% of the ten-quarter average of the fair value of the Club's investment portfolio. Of the amounts available to draw based on the spending limit policy, the Club withdrew \$613,028 and \$589,528 during the years ended June 30, 2023 and 2022, respectively.

Investment activities consist of the following for the years ended June 30:

	2023	2022
Interest and dividends	\$ 267,289	\$ 226,899
Unrealized gain (loss)	683,317	(2,545,995)
Realized gain	408,658	647,773
 Total	 \$ 1,359,264	 \$ (1,671,323)

Investments representing 10% or more of the total investments held by the Club as of June 30 are as follows:

	2023		2022	
	Percentage	Fair value	Percentage	Fair value
Vanguard 500 Index Fund Admiral Shares	38.90%	\$ 5,306,351	40.07%	\$ 4,839,903
Vanguard Short-term Federal Fund	16.52%	2,253,155	18.47%	2,231,276
Vanguard Short-term Bond Index	15.15%	2,066,481	16.70%	2,017,154

Note 11 - Related party transactions

The Club is a charter member of the Boys & Girls Clubs of America. For the years ended June 30, 2023 and 2022, the Club paid \$14,348 and \$14,805, respectively, in dues to the national office, and \$65,942 and \$50,553, respectively, in contributions to the plan for which the Boys & Girls Clubs of America serves as trustee.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2023 and 2022

During the years ended June 30, 2023 and 2022, certain members of the Board contributed \$3,449,852 and \$2,680,138, respectively. Amounts receivable from members of the Board totaled \$3,242,865 and \$1,978,000 as of June 30, 2023 and 2022, respectively.

Note 12 - Concentrations

Credit risk

Financial instruments that potentially subject the Club to a concentration of credit risk include cash accounts with various financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. As of June 30, 2023, the Club had cash accounts that exceeded the Federal Deposit Insurance Corporation insurance limits by approximately \$866,000.

Market risk

The Club invests in various debt and equity securities. These investment securities are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit, market and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of the Club's investments, which could materially affect amounts reported in the financial statements.

Note 13 - Subsequent event

On June 7, 2023, the Board of Directors approved a plan to renovate the Club's main Clubhouse. The construction costs are projected to be approximately \$23,000,000.

The renovation will address the infrastructure deficiency of the Club's main Clubhouse building, which has not received attention in over 50 years. The renovations will include upgrades to the plumbing, electrical, HVAC, and security system, which are severely outdated. To help ensure that all kids are performing at grade level, additional educational space will be added, doubling the current instructional floor capacity, including a much-needed dedicated teen space and additional athletic space.

The construction is estimated to begin in November 2023 and is projected to be completed in the spring of 2025. During this time, the Clubhouse will be closed but programs will continue at different locations.

As of November 1, 2023, the Club has raised over \$10,000,000 in donations for the renovation, including the amount of \$4,881,659 (after the discount on long-term pledges) shown in "Other Contributions" in the Statement of Activities for the fiscal year ended June 30, 2023.

On August 7, 2023, the Club was awarded a \$6,500,000 grant from the State of Connecticut Department of Economic and Community Development, which will also be utilized in the renovations on the Clubhouse. In addition, the Club expects to secure bank financing to complete the project.



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