

Boys & Girls Club of Greenwich, Inc.

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

June 30, 2019 and 2018

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Boys & Girls Club of Greenwich, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

Independent Auditor's Report

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

We have audited the accompanying financial statements of Boys & Girls Club of Greenwich, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Club of Greenwich, Inc. as of June 30, 2019, and the change in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Boys & Girls Club of Greenwich, Inc. as of and for the year ended June 30, 2018, were audited by other auditors whose report dated January 14, 2019 expressed an unmodified opinion on those statements.

CohnReznick LLP

Hartford, Connecticut
September 28, 2019

Boys & Girls Club of Greenwich, Inc.

**Statements of Financial Position
June 30, 2019 and 2018**

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 510,017	\$ 608,417
Pledges and other receivables	93,329	74,104
Prepaid expenses and other current assets	49,080	41,211
	<u>652,426</u>	<u>723,732</u>
Total current assets		
Noncurrent assets		
Investments	12,491,788	12,291,469
Beneficial interest in perpetual trust	338,205	349,016
Property and equipment, net	13,552,066	14,099,023
	<u>26,382,059</u>	<u>26,739,508</u>
Total noncurrent assets		
Total assets	<u>\$ 27,034,485</u>	<u>\$ 27,463,240</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 304,925	\$ 327,970
Deferred revenue	231,052	227,443
	<u>535,977</u>	<u>555,413</u>
Total current liabilities		
Total liabilities	<u>535,977</u>	<u>555,413</u>
Net assets		
Without donor restrictions	<u>22,506,757</u>	<u>22,995,561</u>
With donor restrictions		
Time or purpose	3,653,546	3,563,250
Perpetuity	338,205	349,016
	<u>3,991,751</u>	<u>3,912,266</u>
Total with donor restrictions		
Total net assets	<u>26,498,508</u>	<u>26,907,827</u>
Total liabilities and net assets	<u>\$ 27,034,485</u>	<u>\$ 27,463,240</u>

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Statements of Activities Years Ended June 30, 2019 and 2018

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support						
Public support						
Contributions	\$ 1,561,315	\$ 102,000	\$ 1,663,315	\$ 1,596,099	\$ 61,774	\$ 1,657,873
Special events, net of cost of direct benefit to donors (\$138,538 and \$137,486 for 2019 and 2018, respectively)	535,104	-	535,104	639,407	-	639,407
Grants	217,084	-	217,084	187,380	-	187,380
United Way of Greenwich	70,000	-	70,000	35,000	-	35,000
Club house fees and membership dues	430,798	-	430,798	429,466	-	429,466
Program service fees	405,596	-	405,596	380,323	-	380,323
Perpetual trust	16,649	-	16,649	17,149	-	17,149
Total public support	<u>3,236,546</u>	<u>102,000</u>	<u>3,338,546</u>	<u>3,284,824</u>	<u>61,774</u>	<u>3,346,598</u>
Investment income						
Net realized and unrealized investment gains	278,288	129,896	408,184	459,366	183,695	643,061
Interest and dividends	198,110	78,150	276,260	179,229	71,280	250,509
Change in value of beneficial interest in perpetual trust	-	(10,811)	(10,811)	-	7,425	7,425
Total investment income	<u>476,398</u>	<u>197,235</u>	<u>673,633</u>	<u>638,595</u>	<u>262,400</u>	<u>900,995</u>
Other revenue						
In-kind contributions	-	-	-	31,226	-	31,226
Miscellaneous revenue	55,760	-	55,760	64,040	-	64,040
Total other revenue	<u>55,760</u>	<u>-</u>	<u>55,760</u>	<u>95,266</u>	<u>-</u>	<u>95,266</u>
Total revenue, gains and other support	3,768,704	299,235	4,067,939	4,018,685	324,174	4,342,859
Net assets released from restriction	<u>219,750</u>	<u>(219,750)</u>	<u>-</u>	<u>209,000</u>	<u>(209,000)</u>	<u>-</u>
Total revenue	<u>3,988,454</u>	<u>79,485</u>	<u>4,067,939</u>	<u>4,227,685</u>	<u>115,174</u>	<u>4,342,859</u>

Boys & Girls Club of Greenwich, Inc.

**Statements of Activities
Years Ended June 30, 2019 and 2018**

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses						
Program services						
Individual and family outreach	\$ 924,127	\$ -	\$ 924,127	\$ 981,805	\$ -	\$ 981,805
Camp Simmons	244,013	-	244,013	247,105	-	247,105
Education	568,594	-	568,594	546,050	-	546,050
Field house/ice rink activities	665,172	-	665,172	673,615	-	673,615
Physical	567,322	-	567,322	575,257	-	575,257
Aquatics	642,550	-	642,550	651,160	-	651,160
Total program services	<u>3,611,778</u>	<u>-</u>	<u>3,611,778</u>	<u>3,674,992</u>	<u>-</u>	<u>3,674,992</u>
Supporting services						
Management and general	498,612	-	498,612	488,921	-	488,921
Fundraising	366,868	-	366,868	364,977	-	364,977
Total supporting services	<u>865,480</u>	<u>-</u>	<u>865,480</u>	<u>853,898</u>	<u>-</u>	<u>853,898</u>
Total program and supporting services	<u>4,477,258</u>	<u>-</u>	<u>4,477,258</u>	<u>4,528,890</u>	<u>-</u>	<u>4,528,890</u>
Change in net assets	(488,804)	79,485	(409,319)	(301,205)	115,174	(186,031)
Net assets, beginning	<u>22,995,561</u>	<u>3,912,266</u>	<u>26,907,827</u>	<u>23,296,766</u>	<u>3,797,092</u>	<u>27,093,858</u>
Net assets, end	<u>\$ 22,506,757</u>	<u>\$ 3,991,751</u>	<u>\$ 26,498,508</u>	<u>\$ 22,995,561</u>	<u>\$ 3,912,266</u>	<u>\$ 26,907,827</u>

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program services							Supporting services			Total
	Individual and family outreach	Camp Simmons	Education	Field house/ice rink activities	Physical	Aquatics	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ 466,976	\$ 161,082	\$ 150,588	\$ 105,627	\$ 164,439	\$ 172,800	\$ 1,221,512	\$ 331,593	\$ 258,203	\$ 589,796	\$ 1,811,308
Payroll taxes and fringe benefits	110,508	38,119	35,636	24,996	38,914	40,892	289,065	78,323	61,102	139,425	428,490
Total salaries and benefits	577,484	199,201	186,224	130,623	203,353	213,692	1,510,577	409,916	319,305	729,221	2,239,798
Scholarships and awards	-	-	140,500	-	-	-	140,500	-	-	-	140,500
Conferences and staff development	938	-	631	1,404	964	1,107	5,044	180	128	308	5,352
Insurance	13,621	-	9,166	20,375	14,002	16,065	73,229	2,619	1,865	4,484	77,713
Equipment rental and maintenance	6,057	449	4,378	9,732	6,688	7,673	34,977	1,252	890	2,142	37,119
National, state and local dues	3,867	-	2,603	5,785	3,976	4,561	20,792	744	529	1,273	22,065
Occupancy	120,849	3,531	83,700	186,054	127,861	146,697	668,692	23,910	17,023	40,933	709,625
Postage and shipping	271	211	324	721	495	568	2,590	93	66	159	2,749
Printing and publications	7,805	1,214	6,069	13,491	9,271	10,637	48,487	1,733	1,234	2,967	51,454
Professional fees	48,026	891	32,918	73,173	50,286	57,694	262,988	9,404	6,695	16,099	279,087
Supplies and services	11,531	15,468	18,169	40,387	27,755	31,843	145,153	5,190	3,694	8,884	154,037
Telephone	2,656	-	1,787	3,973	2,730	3,133	14,279	511	364	875	15,154
Travel and transportation	3,917	300	2,838	6,309	4,335	4,974	22,673	812	577	1,389	24,062
Financial assist to individuals	110	-	-	-	-	-	110	-	-	-	110
Miscellaneous	3,525	2,170	3,833	8,519	5,855	6,717	30,619	1,092	779	1,871	32,490
Total expense before depreciation and in-kind expenses	800,657	223,435	493,140	500,546	457,571	505,361	2,980,710	457,456	353,149	810,605	3,791,315
Depreciation	123,470	20,578	75,454	164,626	109,751	137,189	631,068	41,156	13,719	54,875	685,943
Total expense before in-kind expenses	924,127	244,013	568,594	665,172	567,322	642,550	3,611,778	498,612	366,868	865,480	4,477,258
In-kind expenses	-	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 924,127	\$ 244,013	\$ 568,594	\$ 665,172	\$ 567,322	\$ 642,550	\$ 3,611,778	\$ 498,612	\$ 366,868	\$ 865,480	\$ 4,477,258

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2018**

	Program services							Supporting services			Total
	Individual and family outreach	Camp Simmons	Education	Field house/ice rink activities	Physical	Aquatics	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ 499,221	\$ 159,026	\$ 132,699	\$ 104,707	\$ 166,013	\$ 174,048	\$ 1,235,714	\$ 322,022	\$ 252,049	\$ 574,071	\$ 1,809,785
Payroll taxes and fringe benefits	115,129	36,674	30,603	24,147	38,285	40,138	284,976	74,264	58,127	132,391	417,367
Total salaries and benefits	614,350	195,700	163,302	128,854	204,298	214,186	1,520,690	396,286	310,176	706,462	2,227,152
Scholarships and awards	-	-	134,000	-	-	-	134,000	-	-	-	134,000
Conferences and staff development	1,622	-	1,092	2,427	1,668	1,913	8,722	312	222	534	9,256
Insurance	13,313	-	8,959	19,914	13,685	15,701	71,572	2,559	1,822	4,381	75,953
Equipment rental and maintenance	2,368	2,811	3,485	7,748	5,324	6,109	27,845	996	709	1,705	29,550
National, state and local dues	3,788	-	2,549	5,666	3,894	4,468	20,365	728	518	1,246	21,611
Occupancy	117,275	5,527	82,638	183,693	126,238	144,835	660,206	23,608	16,807	40,415	700,621
Postage and shipping	914	309	823	1,829	1,257	1,442	6,574	235	167	402	6,976
Printing and publications	4,155	1,572	3,854	8,566	5,887	6,754	30,788	1,101	784	1,885	32,673
Professional fees	54,872	1,148	37,698	83,797	57,588	66,071	301,174	10,769	7,667	18,436	319,610
Supplies and services	13,767	16,072	19,949	44,344	30,474	34,963	159,569	5,699	4,057	9,756	169,325
Telephone	1,919	734	1,786	3,969	2,728	3,130	14,266	510	363	873	15,139
Travel and transportation	5,216	314	3,721	8,272	5,685	6,522	29,730	1,063	757	1,820	31,550
Miscellaneous	3,502	2,159	3,809	8,468	5,819	6,676	30,433	1,088	775	1,863	32,296
Total expense before depreciation and in-kind expenses	837,061	226,346	467,665	507,547	464,545	512,770	3,015,934	444,954	344,824	789,778	3,805,712
Depreciation	124,551	20,759	76,115	166,068	110,712	138,390	636,595	41,518	13,839	55,357	691,952
Total expense before in-kind expenses	961,612	247,105	543,780	673,615	575,257	651,160	3,652,529	486,472	358,663	845,135	4,497,664
In-kind expenses	20,193	-	2,270	-	-	-	22,463	2,449	6,314	8,763	31,226
Total expenses	\$ 981,805	\$ 247,105	\$ 546,050	\$ 673,615	\$ 575,257	\$ 651,160	\$ 3,674,992	\$ 488,921	\$ 364,977	\$ 853,898	\$ 4,528,890

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

**Statements of Cash Flows
Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (409,319)	\$ (186,031)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation expense	685,943	691,952
Gain on disposal of property and equipment	-	(1,200)
Net realized and unrealized investment gains	(408,184)	(643,061)
Change in value of beneficial interest in perpetual trust	10,811	(7,425)
(Increase) decrease in assets		
Pledges and other receivables	(19,225)	(11,668)
Prepaid expenses and other current assets	(7,869)	69,955
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(23,045)	142,363
Deferred revenue	3,609	38,514
	<u>(167,279)</u>	<u>93,399</u>
Cash flows from investing activities		
Purchase of property and equipment	(138,986)	(125,485)
Proceeds from sale of property and equipment	-	1,200
Proceeds from sale of investments	484,124	2,473,728
Purchase of investments	<u>(276,259)</u>	<u>(2,367,238)</u>
	<u>68,879</u>	<u>(17,795)</u>
Net (decrease) increase in cash and cash equivalents	(98,400)	75,604
Cash and cash equivalents, beginning	<u>608,417</u>	<u>532,813</u>
Cash and cash equivalents, end	<u>\$ 510,017</u>	<u>\$ 608,417</u>

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2019 and 2018

Note 1 - Organization and nature of activities

The 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 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

Newly adopted accounting standards

During fiscal year 2019, the Club adopted the provisions of Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The guidance improves the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as net assets without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications. The implementation of ASU 2016-14 did not have any effect on the Club's net asset balances in total.

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, revenue, 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.

Boys & Girls Club of Greenwich, Inc.

**Notes to Financial Statements
June 30, 2019 and 2018**

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 ninety 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.

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	10-40 years
Camp buildings and equipment	5-10 years
Furniture and equipment	5-10 years
Automobiles and buses	5-7 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 2019 and 2018.

Revenue recognition

Revenue is reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations that are not met in the same reporting

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2019 and 2018

period or by operation of law. Expirations of time or purpose restrictions on net assets, that is, the donor-stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenue in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as support without donor restrictions. Promises to give that are scheduled to be received after the statement of financial position date, and contributions awaiting instructions from the donor regarding their use, are reported as increases in net assets with donor restrictions - time or purpose. This revenue is reclassified to net assets without donor restrictions when the time or purpose restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions - perpetual. Conditional promises to give are not recognized as contributions until such time as the conditions upon which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported as support with donor restrictions until the assets are placed in service, at which time they are reclassified to net assets without donor restrictions.

Grants

Grants are recognized when eligible grant costs are incurred. Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to grantors. As of the date of the financial statements, the Club has not been informed by any funding organization of any funds which are required to be returned.

Gifts of long-lived assets

The Club reports gifts of land, buildings and equipment as unrestricted support 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 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. Contributed services also include the value of donated advertising, which are recorded as contributions at their estimated fair market value (based on the market size, day, time and length of the air promotion) as of the date of the donation.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2019 and 2018

Program service fees, Club house fees and membership dues

Program service fees and Club house fees received which relate to programs of subsequent periods are recorded as deferred revenue and recognized as income in the period the program is conducted. Membership dues are recognized as income ratably over the membership term.

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, 2019 and 2018 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. Pledges and other receivables as of June 30, 2019 and 2018 are due within one year.

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). The Club's federal information returns prior to fiscal year 2016 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. 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.

Reclassifications

Certain prior year information has been reclassified to conform to the current year presentation.

Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through September 28, 2019, which is the date the financial statements were available to be issued.

Boys & Girls Club of Greenwich, Inc.

**Notes to Financial Statements
June 30, 2019 and 2018**

Note 3 - Liquidity

The Club regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2019, the Club had the following financial assets available to meet annual operating needs for the 2020 fiscal year as follows:

Cash and cash equivalents	\$ 510,017
Pledges and other receivables	<u>93,329</u>
 Total financial assets available to meet general expenditures over the next 12 months	 <u>\$ 603,346</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 - Investments

Investments consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Mutual funds		
Domestic equity	\$ 5,928,597	\$ 5,736,272
Fixed income	3,820,817	3,761,325
International equity	<u>2,742,374</u>	<u>2,793,872</u>
	<u>\$ 12,491,788</u>	<u>\$ 12,291,469</u>

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, 2019 and 2018, 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.

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 276,260	\$ 250,509
Unrealized gain	278,910	53,747
Realized gain	<u>129,274</u>	<u>589,314</u>
	<u>\$ 684,444</u>	<u>\$ 893,570</u>

Boys & Girls Club of Greenwich, Inc.

**Notes to Financial Statements
June 30, 2019 and 2018**

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

	2019		2018	
	Percentage	Fair Value	Percentage	Fair Value
Vanguard 500 Index Fund Admiral Shares	37.03%	\$ 4,625,497	36.04%	\$ 4,429,836
Vanguard Short-term Federal Fund	15.63%	1,952,948	15.68%	1,927,565
Vanguard Short-term Bond Index	14.95%	1,867,869	14.92%	1,833,760

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, 2019 and 2018 was \$338,205 and \$349,016, respectively. The Club is entitled to the income it earns which is distributed quarterly, in perpetuity.

Note 6 - Property and equipment

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

	2019	2018
Land	\$ 19,872	\$ 19,872
Building and improvements	20,292,617	20,199,143
Camp buildings and equipment	1,056,953	1,026,888
Furniture and equipment	1,060,549	1,057,637
Automobiles and buses	196,964	223,968
Construction in progress	49,950	49,950
Subtotal	22,676,905	22,577,458
Less: accumulated depreciation	(9,124,839)	(8,478,435)
Net property and equipment	\$ 13,552,066	\$ 14,099,023

Depreciation expense amounted to \$685,943 and \$691,952 for the years ended June 30, 2019 and 2018, respectively.

Construction in progress relates to certain developments for the Camp Simmon location. The construction has been put on hold temporarily.

Note 7 - 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 pension 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 pension plan was 100% immediate vesting in the Club's contribution. For employees hired after June 30, 2009, the Plan grants 20%

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2019 and 2018

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 7% of eligible employee's contribution for the years ended June 30, 2019 and 2018. Pension expense for the years ended June 30, 2019 and 2018 amounted to \$96,474 and \$83,353, 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 full-time 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, 2019 and 2018.

Note 8 - Net assets with donor restrictions

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

	2019	2018
Camp Simmons fund	\$ 1,728,603	\$ 1,705,577
Scholarship fund	1,924,943	1,857,673
Net assets with donor restrictions - time or purpose	<u>\$ 3,653,546</u>	<u>\$ 3,563,250</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 \$16,649 and \$17,149 for the years ended June 30, 2019 and 2018, respectively, which is without donor restrictions. Realized and unrealized appreciation remains part of the trust principal.

Note 9 - 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.
- 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.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2019 and 2018

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, 2019 and 2018.

Financial assets carried at fair value as of June 30, 2019 are classified in the table one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Europe stock	\$ 819,070	\$ -	\$ -	\$ 819,070
Mid-cap blends	1,178,615	-	-	1,178,615
Short government funds	1,952,948	-	-	1,952,948
Short-term bonds	1,867,869	-	-	1,867,869
Foreign large blends	1,923,304	-	-	1,923,304
Large blends	4,749,982	-	-	4,749,982
	<u>12,491,788</u>	<u>-</u>	<u>-</u>	<u>12,491,788</u>
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>338,205</u>	<u>338,205</u>
Total assets at fair value	<u>\$ 12,491,788</u>	<u>\$ -</u>	<u>\$ 338,205</u>	<u>\$ 12,829,993</u>

Financial assets carried at fair value as of June 30, 2018 are classified in the table in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Europe stock	\$ 831,225	\$ -	\$ -	\$ 831,225
Mid-cap blends	1,191,790	-	-	1,191,790
Short government funds	2,042,210	-	-	2,042,210
Short-term bonds	1,833,761	-	-	1,833,761
Foreign large blends	1,962,647	-	-	1,962,647
Large blends	4,429,836	-	-	4,429,836
	<u>12,291,469</u>	<u>-</u>	<u>-</u>	<u>12,291,469</u>
Beneficial interest in perpetual trust	<u>-</u>	<u>349,016</u>	<u>-</u>	<u>349,016</u>
Total assets at fair value	<u>\$ 12,291,469</u>	<u>\$ 349,016</u>	<u>\$ -</u>	<u>\$ 12,640,485</u>

Investments in mutual 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 and money market funds are deemed to be actively traded.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2019 and 2018

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.

The Club's policy is to recognize transfers in and transfers out of the various levels as of the end of the year or change in circumstance that caused the transfer. There was a transfer of assets held in perpetual trust with fair value of \$338,205 from Level 2 to Level 3 as of June 30, 2019.

Note 10 - Related party transactions

The Club is a charter member of the Boys & Girls Clubs of America. For the years ended June 30, 2019 and 2018, the Club paid \$14,141 and \$13,912, respectively, in dues to the national office, and \$96,474 and \$83,353, respectively, in pension contributions to the pension plan for which the Boys & Girls Clubs of America serves as trustee.

During the years ended June 30, 2019 and 2018, certain members of the Club's Board of Directors contributed approximately \$780,509 and \$774,000, respectively. Amounts receivable from members of the Club's Board of Directors totaled approximately \$0 and \$18,800 as of June 30, 2019 and 2018, respectively.

Note 11 - 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 ("FDIC") insurance limits. As of June 30, 2019, the Club had cash accounts that exceeded the FDIC insurance limits by approximately \$233,000.

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.

Boys & Girls Club of Greenwich, Inc.

**Notes to Financial Statements
June 30, 2019 and 2018**

Note 12 - Commitments and contingencies

The Club leases certain equipment under agreements expiring through September 2024. The approximate future minimum lease payments in the years subsequent to June 30, 2019 are as follows:

2020	\$	15,742
2021		9,603
2022		9,603
2023		8,462
2024		7,320
Thereafter		<u>1,830</u>
	\$	<u>52,560</u>

Rent expense amounted to approximately \$14,000 and \$12,000 for the years ended June 30, 2019 and 2018, respectively.

The Club is a defendant in legal actions alleged to have occurred during the period from 1976 to 1984. The suits are in the early stages and the ultimate outcome cannot be currently estimated, as such, no provision has been made in the accompanying financial statements.

Note 13 - In-kind contributions

During the years ended June 30, 2019 and 2018, the Club received donated goods and awards and prizes for various events totaling \$0 and \$31,226, respectively, which have been reflected as in-kind contribution revenue and in-kind expenses in the accompanying financial statements.

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Independent Member of Nexia International

cohnreznick.com