

Boys & Girls Club of Greenwich, Inc.

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

June 30, 2022 and 2021

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.

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, 2022 and 2021, 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, 2022 and 2021, 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
November 11, 2022

Boys & Girls Club of Greenwich, Inc.

**Statements of Financial Position
June 30, 2022 and 2021**

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 1,575,136	\$ 1,680,268
Restricted cash	-	4,500,000
Current portion of pledges and other receivables	453,073	78,055
Prepaid expenses and other current assets	<u>75,196</u>	<u>39,133</u>
Total current assets	<u>2,103,405</u>	<u>6,297,456</u>
Noncurrent assets		
Pledges and other receivables, net	1,382,293	-
Investments	12,077,510	10,807,587
Beneficial interest in perpetual trust	315,086	388,026
Property and equipment, net	<u>12,465,642</u>	<u>12,494,123</u>
Total noncurrent assets	<u>26,240,531</u>	<u>23,689,736</u>
Total assets	<u>\$ 28,343,936</u>	<u>\$ 29,987,192</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 220,142	\$ 936,213
Deferred revenue	627,320	420,090
Refundable advance - PPP	<u>-</u>	<u>403,210</u>
Total current liabilities	<u>847,462</u>	<u>1,759,513</u>
Total liabilities	<u>847,462</u>	<u>1,759,513</u>
Net assets		
Without donor restrictions	<u>21,580,836</u>	<u>23,337,916</u>
With donor restrictions		
Time or purpose	5,600,552	4,501,737
Perpetuity	<u>315,086</u>	<u>388,026</u>
Total with donor restrictions	<u>5,915,638</u>	<u>4,889,763</u>
Total net assets	<u>27,496,474</u>	<u>28,227,679</u>
Total liabilities and net assets	<u>\$ 28,343,936</u>	<u>\$ 29,987,192</u>

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Statements of Activities Years Ended June 30, 2022 and 2021

	Year ended June 30, 2022			Year ended June 30, 2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support						
Public support						
Contributions	\$ 1,310,910	\$ 100,000	\$ 1,410,910	\$ 1,766,204	\$ 100,000	\$ 1,866,204
Contribution - PPP	403,210	-	403,210	410,100	-	410,100
Special events, net of cost of direct benefit to donors (\$145,122 and \$30,064 for 2022 and 2021, respectively)	870,529	-	870,529	928,032	-	928,032
Grants	256,492	-	256,492	350,454	-	350,454
United Way of Greenwich	19,707	-	19,707	53,306	-	53,306
Club house fees and membership dues	458,272	-	458,272	244,940	-	244,940
Program service fees	366,359	-	366,359	189,928	-	189,928
Perpetual trust	18,849	-	18,849	17,799	-	17,799
Total public support	<u>3,704,328</u>	<u>100,000</u>	<u>3,804,328</u>	<u>3,960,763</u>	<u>100,000</u>	<u>4,060,763</u>
Investment income (loss)						
Net realized and unrealized investment (losses) gains	(1,279,068)	(619,154)	(1,898,222)	2,077,986	936,963	3,014,949
Interest and dividends	155,804	71,095	226,899	140,499	68,978	209,477
Change in value of beneficial interest in perpetual trust	-	(72,940)	(72,940)	-	67,748	67,748
Total investment income (loss)	<u>(1,123,264)</u>	<u>(620,999)</u>	<u>(1,744,263)</u>	<u>2,218,485</u>	<u>1,073,689</u>	<u>3,292,174</u>
Other revenue						
Other contributions	-	2,041,296	2,041,296	-	-	-
Miscellaneous revenue	20,635	-	20,635	25,949	-	25,949
Total other revenue	<u>20,635</u>	<u>2,041,296</u>	<u>2,061,931</u>	<u>25,949</u>	<u>-</u>	<u>25,949</u>
Total revenues, gains and other support	2,601,699	1,520,297	4,121,996	6,205,197	1,173,689	7,378,886
Net assets released from restriction	494,422	(494,422)	-	256,057	(256,057)	-
Total revenue	<u>3,096,121</u>	<u>1,025,875</u>	<u>4,121,996</u>	<u>6,461,254</u>	<u>917,632</u>	<u>7,378,886</u>

Boys & Girls Club of Greenwich, Inc.

**Statements of Activities
Years Ended June 30, 2022 and 2021**

	Year ended June 30, 2022			Year ended June 30, 2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses						
Functional expenses						
Program services						
Individual and family outreach	1,054,933	-	1,054,933	1,039,057	-	1,039,057
Camp Simmons	307,688	-	307,688	308,203	-	308,203
Education	614,166	-	614,166	666,108	-	666,108
Field house activities	737,160	-	737,160	805,335	-	805,335
Physical	595,889	-	595,889	631,960	-	631,960
Aquatics	635,389	-	635,389	684,121	-	684,121
Total program services	<u>3,945,225</u>	<u>-</u>	<u>3,945,225</u>	<u>4,134,784</u>	<u>-</u>	<u>4,134,784</u>
Supporting services						
Management and general	412,283	-	412,283	513,064	-	513,064
Fundraising	445,743	-	445,743	369,188	-	369,188
Total supporting services	<u>858,026</u>	<u>-</u>	<u>858,026</u>	<u>882,252</u>	<u>-</u>	<u>882,252</u>
Total functional expenses	<u>4,803,251</u>	<u>-</u>	<u>4,803,251</u>	<u>5,017,036</u>	<u>-</u>	<u>5,017,036</u>
Other expenses						
Loss on abandoned capital project	49,950	-	49,950	-	-	-
Total functional expenses and other expenses	<u>4,853,201</u>	<u>-</u>	<u>4,853,201</u>	<u>5,017,036</u>	<u>-</u>	<u>5,017,036</u>
Change in net assets	(1,757,080)	1,025,875	(731,205)	1,444,218	917,632	2,361,850
Net assets, beginning	<u>23,337,916</u>	<u>4,889,763</u>	<u>28,227,679</u>	<u>21,893,698</u>	<u>3,972,131</u>	<u>25,865,829</u>
Net assets, end	<u>\$ 21,580,836</u>	<u>\$ 5,915,638</u>	<u>\$ 27,496,474</u>	<u>\$ 23,337,916</u>	<u>\$ 4,889,763</u>	<u>\$ 28,227,679</u>

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.

Statement of Functional Expenses Year Ended June 30, 2021

	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	\$ 457,919	\$ 194,185	\$ 140,248	\$ 86,015	\$ 128,664	\$ 94,520	\$ 1,101,551	\$ 307,184	\$ 249,464	\$ 556,648	\$ 1,658,199
Payroll taxes and fringe benefits	107,746	45,691	33,000	20,239	30,274	22,240	259,190	72,279	58,698	130,977	390,167
Total salaries, payroll taxes and benefits	565,665	239,876	173,248	106,254	158,938	116,760	1,360,741	379,463	308,162	687,625	2,048,366
Scholarships and awards	-	-	175,317	-	-	-	175,317	-	-	-	175,317
Conferences and staff development	375	-	252	561	385	442	2,015	72	51	123	2,138
Insurance	12,707	-	8,551	19,008	13,063	14,987	68,316	2,443	1,739	4,182	72,498
Equipment rental and maintenance	5,191	-	3,493	7,765	5,336	6,122	27,907	998	710	1,708	29,615
National, state and local dues	3,734	-	2,513	5,586	3,839	4,404	20,076	718	511	1,229	21,305
Occupancy	109,893	9,665	80,455	178,842	122,905	141,010	642,770	22,985	16,363	39,348	682,118
Postage and shipping	651	283	628	1,397	960	1,101	5,020	180	128	308	5,328
Printing and publications	4,980	635	3,778	8,398	5,771	6,622	30,184	1,079	768	1,847	32,031
Professional fees and other (including amounts of \$800,000 as described in Note 14)	181,104	24,100	113,036	247,651	166,245	203,879	936,015	55,152	21,092	76,244	1,012,259
Supplies and services	9,079	6,538	10,509	23,360	16,054	18,419	83,959	3,002	2,137	5,139	89,098
Telephone	3,628	-	2,442	5,427	3,730	4,279	19,506	698	497	1,195	20,701
Travel and transportation	450	882	896	1,992	1,369	1,571	7,160	256	182	438	7,598
Bond costs	7,887	-	5,308	11,798	8,108	9,303	42,404	1,516	1,079	2,595	44,999
Capital consulting	7,011	-	4,718	10,487	7,207	8,269	37,692	1,348	960	2,308	40,000
Miscellaneous	570	5,202	3,884	8,633	5,933	6,807	31,029	1,110	794	1,904	32,933
Total expense before depreciation	912,925	287,181	589,028	637,159	519,843	543,975	3,490,111	471,020	355,173	826,193	4,316,304
Depreciation	126,132	21,022	77,080	168,176	112,117	140,146	644,673	42,044	14,015	56,059	700,732
Total expenses	\$ 1,039,057	\$ 308,203	\$ 666,108	\$ 805,335	\$ 631,960	\$ 684,121	\$ 4,134,784	\$ 513,064	\$ 369,188	\$ 882,252	\$ 5,017,036

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (731,205)	\$ 2,361,850
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation expense	651,276	700,732
Loss on abandoned capital project	49,950	-
Discount on long-term pledges receivable	168,707	-
Net realized and unrealized investment losses (gains)	1,898,222	(3,014,949)
Change in value of beneficial interest in perpetual trust	72,940	(67,748)
Contribution - PPP	(403,210)	(410,100)
Change in assets		
Pledges and other receivables	(1,926,018)	(66,794)
Prepaid expenses and other current assets	(36,063)	(5,744)
Change in liabilities		
Accounts payable and accrued expenses	(716,071)	751,996
Deferred revenue	207,230	340,411
	<u>(764,242)</u>	<u>589,654</u>
Cash flows from investing activities		
Purchase of property and equipment	(672,745)	(206,317)
Proceeds from sale of investments	1,888,581	5,207,849
Purchase of investments	(5,056,726)	(708,530)
	<u>(3,840,890)</u>	<u>4,293,002</u>
Cash flows from financing activities		
Refundable advance - PPP	-	403,210
	<u>-</u>	<u>403,210</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(4,605,132)	5,285,866
Cash, cash equivalents and restricted cash, beginning	<u>6,180,268</u>	<u>894,402</u>
Cash and cash equivalents, end	<u>\$ 1,575,136</u>	<u>\$ 6,180,268</u>

See Notes to Financial Statements.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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, 2022 and 2021

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 2022 and 2021.

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 \$627,320 and \$420,090 as of June 30, 2022 and 2021, respectively. The balance was \$79,679 at June 30, 2020.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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 refundable advances.

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, 2022 and 2021

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, 2022 and 2021 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). The Club's federal and state information returns prior to fiscal year 2019 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.

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2022 and 2021

Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through November 11, 2022, 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, 2022 and 2021, the Club had the following financial assets available to meet annual operating needs for the next fiscal year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,575,136	\$ 1,680,268
Pledges and other receivables	26,073	78,055
Available draw from investments	<u>629,506</u>	<u>607,093</u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,230,715</u>	<u>\$ 2,365,416</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, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
One year and less	\$ 453,073	\$ 78,055
One to five years	<u>1,551,000</u>	<u>-</u>
	2,004,073	78,055
Less		
Discount to present value (3.50%)	<u>(168,707)</u>	<u>-</u>
	1,835,366	78,055
Less current portion	<u>(453,073)</u>	<u>(78,055)</u>
Noncurrent portion, net	<u>\$ 1,382,293</u>	<u>\$ -</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%.

Note 5 - Restricted cash

Restricted cash represented collateral for a court-mandated surety bond posted by the Club in connection with certain litigation. During fiscal 2022, the litigation was settled and all restricted cash was returned to the Club.

Boys & Girls Club of Greenwich, Inc.

**Notes to Financial Statements
June 30, 2022 and 2021**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,575,136	\$ 1,680,268
Restricted cash	<u>-</u>	<u>4,500,000</u>
 Total cash, cash equivalents and restricted cash shown in the statements of cash flows	 <u>\$ 1,575,136</u>	 <u>\$ 6,180,268</u>

Note 6 - 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, 2022 and 2021 was \$315,086 and \$388,026, respectively. The Club is entitled to the income it earns which is distributed quarterly, in perpetuity.

Note 7 - Property and equipment

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

	<u>2022</u>	<u>2021</u>
Land	\$ 19,872	\$ 19,872
Building and improvements	20,494,433	20,494,433
Camp buildings and equipment	1,090,745	1,090,745
Furniture and equipment	1,139,909	1,134,351
Automobiles and buses	196,964	196,964
Construction in progress	<u>667,187</u>	<u>49,950</u>
 Subtotal	 23,609,110	 22,986,315
Less accumulated depreciation	<u>(11,143,468)</u>	<u>(10,492,192)</u>
 Property and equipment, net	 <u>\$ 12,465,642</u>	 <u>\$ 12,494,123</u>

Depreciation expense amounted to \$651,276 and \$700,732 for the years ended June 30, 2022 and 2021, respectively.

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

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2022 and 2021

Note 8 - Paycheck Protection Program

On May 6, 2020, the Club received a loan for \$410,100 from First County Bank through the Small Business Administration's Paycheck Protection Program to cover payroll and utility costs. The loan bore interest at 1% and was to be paid in 18 monthly installments beginning on December 6, 2020. However, per the loan agreement, the loan was forgiven on January 27, 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, 2021.

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.

Note 9 - 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 contribution from July 1, 2021 through March 31, 2022 and then increased the contribution percentage to 7% through June 30, 2022. The Club contributed to the Plan 7% of eligible employee's contribution from July 1, 2020 through August 1, 2020 and then reduced the contribution percentage to 3% through June 30, 2021. Contribution expense for the years ended June 30, 2022 and 2021 amounted to \$50,553 and \$42,445, 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, 2022 and 2021.

Note 10 - Net assets with donor restrictions

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

	<u>2022</u>	<u>2021</u>
Camp Simmons fund	\$ 1,761,569	\$ 2,110,064
Scholarship fund	2,029,690	2,391,673
Other contributions	<u>1,809,293</u>	<u>-</u>
Net assets with donor restrictions - time or purpose	<u>\$ 5,600,552</u>	<u>\$ 4,501,737</u>

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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 \$18,849 and \$17,799 for the years ended June 30, 2022 and 2021, respectively, which is without donor restrictions. Realized and unrealized appreciation remains part of the trust principal.

Note 11 - 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.
- 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, 2022 and 2021.

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

	Level 1	Level 2	Level 3	Total
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
	12,077,510	-	-	12,077,510
Beneficial interest in perpetual trust	-	-	315,086	315,086
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, 2022 and 2021

Financial assets carried at fair value as of June 30, 2021 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	\$ 733,889	\$ -	\$ -	\$ 733,889
Mid-cap blends	1,317,369	-	-	1,317,369
Short government funds	692,743	-	-	692,743
Short-term bonds	664,630	-	-	664,630
Foreign large blends	1,341,154	-	-	1,341,154
Large blends	6,057,802	-	-	6,057,802
	10,807,587	-	-	10,807,587
Beneficial interest in perpetual trust	-	-	388,026	388,026
 Total assets at fair value	\$ 10,807,587	\$ -	\$ 388,026	\$ 11,195,613

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 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, 2022 and 2021, 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:

	2022	2021
Interest and dividends	\$ 226,899	\$ 209,477
Unrealized gain (loss)	(2,545,995)	2,120,181
Realized gain	647,773	894,768
 Total	\$ (1,671,323)	\$ 3,224,426

Boys & Girls Club of Greenwich, Inc.

Notes to Financial Statements June 30, 2022 and 2021

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

	2022		2021	
	Percentage	Fair value	Percentage	Fair value
Vanguard 500 Index Fund Admiral Shares	40.07%	\$ 4,839,903	55.68%	\$ 6,017,492
Vanguard Short-term Federal Fund	18.47%	2,231,276	6.41%	692,743
Vanguard Short-term Bond Index	16.70%	2,017,154	6.15%	664,630

Note 12 - Related party transactions

The Club is a charter member of the Boys & Girls Clubs of America. For the years ended June 30, 2022 and 2021, the Club paid \$14,805 and \$14,756, respectively, in dues to the national office, and \$50,553 and \$42,445, respectively, in contributions to the plan for which the Boys & Girls Clubs of America serves as trustee.

During the years ended June 30, 2022 and 2021, certain members of the Board contributed \$2,680,138 and \$820,877, respectively. Amounts receivable from members of the Board totaled \$1,978,000 as of June 30, 2022. There were no amounts receivable from members of the Board as of June 30, 2021.

Note 13 - 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, 2022, the Club had cash accounts that exceeded the Federal Deposit Insurance Corporation insurance limits by approximately \$1,015,000.

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 14 - Commitments and contingencies

The Club leases certain equipment under agreements expiring through September 2024. The approximate future minimum lease payments in the three years subsequent to June 30, 2022 are as follows:

2023	\$	8,081
2024		7,320
2025		1,830
Total	\$	<u>17,231</u>

Rent expense amounted to approximately \$11,000 for the years ended June 30, 2022 and 2021.

Boys & Girls Club of Greenwich, Inc.

**Notes to Financial Statements
June 30, 2022 and 2021**

The Club was a defendant in legal actions alleged to have occurred during the period from 1976 to 1984. During fiscal 2022, several of these suits were settled under confidential terms between the plaintiffs, the Club and the Club's liability insurance carrier which was defending the Club. The Club had accrued certain amounts in accounts payable and accrued expenses in the statement of financial position as of June 30, 2021 and in professional fees and other in the statement of functional expenses for the year ended June 30, 2021 for the Club's portion of the settlements.



Independent Member of Nexia International

cohnreznick.com