

THE BOYS & GIRLS CLUB OF GREATER FLINT
FLINT, MICHIGAN
REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of the Boys and Girls Club of Greater Flint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boys and Girls Club of Greater Flint's internal control over financial reporting and compliance.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$880,726	\$407,430
Grants Receivable	73,000	20,296
Prepaid Expenses	1,810	523
Total Current Assets	<u>\$955,536</u>	<u>\$428,249</u>
<u>FIXED ASSETS - NET</u>	256,424	104,547
<u>OTHER ASSETS</u>		
Investments	<u>714,135</u>	<u>633,215</u>
<u>TOTAL ASSETS</u>	<u>\$1,926,095</u>	<u>\$1,166,011</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$6,343	\$10,930
Accrued Payroll and Payroll Taxes	9,528	30,355
PPP Loan Payable	130,600	0
Total Current Liabilities	<u>\$146,471</u>	<u>\$41,285</u>
<u>DEFERRED REVENUE</u>	332,731	207,988
<u>NET ASSETS</u>		
Without Donor Restrictions	1,039,871	602,906
With Donor Restrictions	407,022	313,832
Total Net Assets	<u>\$1,446,893</u>	<u>\$916,738</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$1,926,095</u>	<u>\$1,166,011</u>

See accompanying notes and auditor's opinion.

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
<u>REVENUE, GAINS, AND OTHER SUPPORT</u>			
<u>Support</u>			
Federal Grants	\$33,443	\$0	\$33,443
Local Grants	823,248	218,420	1,041,668
Total Support	<u>\$856,691</u>	<u>\$218,420</u>	<u>\$1,075,111</u>
<u>Revenue</u>			
Program Revenue	530	0	530
Donations	298,915	0	298,915
Donated Goods	26,825	0	26,825
Special Events - Net	34,010	0	34,010
Investment Income, Net	62,790	26,132	88,922
Miscellaneous	6,800	0	6,800
Total Revenue	<u>\$429,870</u>	<u>\$26,132</u>	<u>\$456,002</u>
Net Assets Released from Restrictions	151,362	(151,362)	0
Total Revenue, Gains and Other Support	<u>\$1,437,923</u>	<u>\$93,190</u>	<u>\$1,531,113</u>
<u>FUNCTIONAL EXPENSES</u>			
Program Services	724,137	0	724,137
Administrative Services	276,821	0	276,821
Total Functional Expenses	<u>\$1,000,958</u>	<u>\$0</u>	<u>\$1,000,958</u>
Change in Net Assets	\$436,965	\$93,190	\$530,155
<u>NET ASSETS - BEGINNING</u>	<u>602,906</u>	<u>313,832</u>	<u>916,738</u>
<u>NET ASSETS - ENDING</u>	<u>\$1,039,871</u>	<u>\$407,022</u>	<u>\$1,446,893</u>

See accompanying notes and auditor's opinion.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$178,000	\$0	\$178,000
111,210	449,055	560,265
<u>\$289,210</u>	<u>\$449,055</u>	<u>\$738,265</u>
8,812	0	8,812
335,076	0	335,076
22,721	0	22,721
107,982	0	107,982
93,876	16,599	110,475
3,814	0	3,814
<u>\$572,281</u>	<u>\$16,599</u>	<u>\$588,880</u>
375,279	(375,279)	0
<u>\$1,236,770</u>	<u>\$90,375</u>	<u>\$1,327,145</u>
1,178,746	0	1,178,746
210,488	0	210,488
<u>\$1,389,234</u>	<u>\$0</u>	<u>\$1,389,234</u>
(\$152,464)	\$90,375	(\$62,089)
<u>755,370</u>	<u>223,457</u>	<u>978,827</u>
<u>\$602,906</u>	<u>\$313,832</u>	<u>\$916,738</u>

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>FUNCTIONAL EXPENSES</u>	2020		Total
	Program Services	Administrative Services	
Payroll Expense:			
Salaries and Wages	\$347,640	\$207,920	\$555,560
Benefits	15,184	28,341	43,525
Pension Expense	3,943	10,300	14,243
Payroll Taxes	30,157	14,426	44,583
Total Payroll Expense	\$396,924	\$260,987	\$657,911
Bank Fees	0	3,317	3,317
Conferences & Meetings	2,098	24	2,122
Contractual Services	88,087	8,098	96,185
Contributions	0	0	0
Copies	2,880	0	2,880
Donated Goods	26,825	0	26,825
Dues and Publications	9,333	1,725	11,058
Equipment	2,072	0	2,072
Field Trips	100	0	100
Food and Beverages	16,993	221	17,214
Fuel	1,699	0	1,699
Licenses and Permits	1,151	0	1,151
Insurance	24,812	352	25,164
Maintenance	38,571	0	38,571
Marketing	2,409	0	2,409
Miscellaneous	5,522	1,920	7,442
Postage	974	0	974
Supplies	27,924	177	28,101
Telephone	7,047	0	7,047
Tax	100	0	100
Transportation Services	0	0	0
Utilities	29,859	0	29,859
Total Expenses Before Depreciation	\$685,380	\$276,821	\$962,201
Depreciation Expense	38,757	0	38,757
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>\$724,137</u>	<u>\$276,821</u>	<u>\$1,000,958</u>

See accompanying notes and auditor's opinion.

2019		
Program Services	Administrative Services	Total
\$515,846	\$132,713	\$648,559
10,554	28,039	38,593
4,207	9,570	13,777
48,172	11,154	59,326
<u>\$578,779</u>	<u>\$181,476</u>	<u>\$760,255</u>
0	5,249	5,249
6,727	209	6,936
284,921	14,612	299,533
0	306	306
3,876	250	4,126
22,721	0	22,721
12,346	1,861	14,207
1,838	0	1,838
13,631	0	13,631
11,244	1,851	13,095
5,442	0	5,442
645	0	645
27,751	48	27,799
59,002	0	59,002
3,981	0	3,981
10,012	1,182	11,194
1,177	64	1,241
49,603	232	49,835
6,749	0	6,749
0	0	0
4,877	1,940	6,817
36,349	0	36,349
<u>\$1,141,671</u>	<u>\$209,280</u>	<u>\$1,350,951</u>
<u>37,075</u>	<u>1,208</u>	<u>38,283</u>
<u><u>\$1,178,746</u></u>	<u><u>\$210,488</u></u>	<u><u>\$1,389,234</u></u>

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$530,155	(\$62,089)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	38,757	38,283
Realized (Gain) on Investments	(7,224)	(25,676)
Unrealized (Gain) on Investments	(68,161)	(70,268)
(Increase) Decrease in Assets:		
Grants Receivable	(52,704)	(10,296)
Prepaid Insurance	(1,287)	2,720
Increase (Decrease) in Liabilities:		
Accounts Payable	(4,587)	(22,933)
Accrued Payroll and Payroll Taxes	(20,827)	3,495
Deferred Revenue	124,743	(13,527)
Net Cash Provided By (Used In) Operating Activities	\$538,865	(\$160,291)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(190,634)	(21,355)
Net Proceeds (Purchase) of Investments and Dividends Reinvested	(5,535)	58,599
Net Cash Provided By (Used In) Investing Activities	(\$196,169)	\$37,244
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
PPP Loan Proceeds	130,600	0
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	\$473,296	(\$123,047)
Cash and Cash Equivalents at Beginning of Year	407,430	530,477
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$880,726</u>	<u>\$407,430</u>
<u>SUPPLEMENTAL INFORMATION - NON-CASH TRANSACTIONS</u>		
Donated Fixed Assets, Inventory, Supplies and Labor	\$60,268	\$200,721

See accompanying notes and auditor's opinion.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Boys & Girls Club of Greater Flint (the Club) is an organization created to provide behavior guidance and promote health, social, educational and vocational issues for boys and girls. It is the local chapter of the national Boys & Girls Club of America organization.

FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing body has designated, from net assets without donor restrictions, net assets that are undesignated, net assets for an operating reserve, and board-designated assets.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Club considers all highly liquid investments available for current use with a maturity date of ninety days or less at the date of purchase to be cash and cash equivalents.

INVESTMENTS

Under the investments subtopic for not-for-profit entities of the FASB Accounting Standards Codification (FASB ASC 958-320), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included as part of investment income in the change in net assets. Interest and dividends, net of advisory fees, also are reported as part of investment income. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

ENDOWMENT

The Club has established an endowment fund (the fund) that is perpetual in nature under the Community Foundation of Greater Flint (the CF) and has named Boys & Girls Club of Greater Flint as the beneficiary. The Club granted variance power to the CF, which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CF for the Club's benefit and is reported at fair market value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

CONTRIBUTIONS AND PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give the organization, that is, in substance, unconditional. Contributions, restricted by the donor, are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of these restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Club had no unconditional promises receivable as of December 31, 2020 and 2019.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Club provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on a review of the current status of the existing receivables. An allowance for doubtful accounts has not been established at December 31, 2020 and 2019, as any uncollectible amounts are considered immaterial.

REVENUE RECOGNITION

Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Revenue from conditional grant awards under expense reimbursement programs is recognized in the period during which the conditions are substantially met. In cases where the conditions are substantially met in advance of receiving the grant reimbursement, revenue and grants receivable are recorded. In cases where a grant advance is received prior to the conditions being substantially met, the advance is recorded as deferred revenue.

FIXED ASSETS

Fixed assets are recorded at cost or, if donated, at fair market value at the date of the gift. The Club provides for depreciation of these assets using the straight-line method based upon acquisition cost and estimated useful lives of the assets.

The cost of maintenance and repairs is charged to operations as incurred. Renewals, betterments, and additions over \$2,500 are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts, and the resulting gain or loss from such disposition is credited or charged to income. Except in the instance where assets are traded in for new equipment, any gain or loss is applied as an adjustment to the cost of the asset acquired.

On December 17, 2003, the Club purchased their main facility from Flint Community Schools for \$1. As part of the purchase agreement, Flint Community Schools retains the right of first refusal to repurchase the property, at the price of \$1, if the Club decides to lease or sell the property.

FUNCTIONAL EXPENSES

The Club allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on various statistical basis in accordance with grantor guidelines.

DONATED MATERIALS, EQUIPMENT, AND SERVICES

Donated materials and equipment of significant value are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Materials, for which values cannot reasonably be determined, such as small tools and small furniture are not recorded as contributions. Donated materials for the years ended December 31, 2020 and 2019 were \$26,825 and \$22,721, respectively.

Donated services for the years ended December 31, 2020 and 2019 were \$33,443 and \$178,000, respectively. Services were donated through federal grants by Americorps Vista program volunteers. Services were valued by employee payroll records.

FINANCIAL INSTRUMENTS

The Club's financial instruments consist of investments, certificates of deposit, and bank deposit accounts. Unless otherwise noted, the fair values of these financial instruments are the market values of these financial instruments, and approximate their carrying value.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Boys & Girls Club of Greater Flint is a Michigan organization that qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation. Generally, the Club's federal tax returns remain open for three years for income tax examination.

The Club does not have any accruals or uncertain tax positions that materially impact the financial statements. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within the next twelve months of the reporting date.

SALES TAXES

The Club collects and remits sales tax on all sales. Sales tax collected is not included in revenues and remittances are not included in costs. Sales tax collected is recorded as a liability, with the liability relieved upon payment.

CONCENTRATION OF CREDIT RISK

At December 31, 2020, the recorded balance of the Club's bank accounts was \$880,726 and the bank balance was \$895,641. \$315,063 of the bank balance was covered by federal depository insurance and \$580,578 was uninsured and uncollateralized. At December 31, 2019, the recorded balance of the Club's bank accounts was \$407,430 and the bank balance was \$423,987. \$324,368 of the bank balance was covered by federal depository insurance and \$99,619 was uninsured and uncollateralized. As of December 31, 2020 and 2019 the Club had no significant concentrations of credit risk related to accounts receivable.

COMPENSATED ABSENCES

Employees of the Club are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The amount of compensation for future absences is immaterial and accordingly, no liability has been recorded in the accompanying financial statements. The Club's policy is to recognize the cost of compensated absences when actually paid to employees.

FAIR VALUE OF FINANCIAL STATEMENTS

The Club adopted FASB Accounting Standards Codification 820 (FASB ASC 820), *Fair Value Measurements and Disclosures*, for assets and liabilities that are measured at fair value on a recurring basis.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as 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. The framework for measuring fair value looks at how fair value should be determined by providing a fair value hierarchy consisting of three levels - levels 1, 2 and 3 - generally ranging from the most objective determination of fair value to the most subjective. The levels vary depending on the objectivity of the information used in valuation techniques to determine fair value. Fair value measurements generally should be based on the most objective information available.

Level 1	Inputs are quoted prices in active markets for identical assets or liabilities.
Level 2	Inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.
Level 3	Inputs are the most subjective, are generally based on the Club's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2) INVESTMENTS

Investments are held under an organization agreement and are recorded at fair market value as determined by the organization with which the investments are held. Unrealized gains and losses are included in the change in net assets.

The amortized cost, gross realized gains, gross unrealized losses and approximate market value of investment securities as of December 31, 2020 and 2019 are as follows:

	2020	
	Amortized Cost	Fair Market Value
Endowment - Community Foundation of Greater Flint	\$ 170,042	\$ 189,969
Mutual Funds	281,757	524,166
<u>TOTAL</u>	\$ 451,799	\$ 714,135
	2019	
	Amortized Cost	Fair Market Value
Endowment - Community Foundation of Greater Flint	\$ 168,514	\$ 171,636
Mutual Funds	270,526	461,579
<u>TOTAL</u>	\$ 439,040	\$ 633,215

Net investment return consists of the following:

	2020	2019
Realized Gains (Losses) for the Year	\$ 7,224	\$ 25,676
Interest and Dividend Income	13,537	14,531
Unrealized Gains (Losses) for the Year	68,161	70,268
<u>NET INVESTMENT RETURN</u>	\$ 88,922	\$ 110,475

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

5) FUNDS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, net assets of the funds with donor restrictions consist of the following funds:

Fund	2020				Purpose
	Beginning	Contributions/ Invest Income	Expenses	Ending	
AG Bishop Trust	\$18,625	\$0	(\$14,042)	\$4,583	To fund Peak operations
Bishop Trust	14,095	0	0	14,095	To fund academic success programs
Bray Charitable Trust	6,857	4,000	0	10,857	To support after school holiday programs
Buffalo Wild Wings	10,000	0	0	10,000	To fund sports programming
Burroughs Memorial Fund	0	500	0	500	Funds held at Community Foundation of Greater Flint
Community Fdn Steel Drum	4,873	8,950	(281)	13,542	To fund the Steel Drum Program
Community Fdn - Eye See You	0	8,825	(146)	8,679	To fund female mental health programs
Community Fdn - YDPIT	0	500	0	500	To fund teen workforce development
Endowment Fund	171,636	26,132	(7,799)	189,969	To fund healthy lifestyle programs for girls in the club
Fierce Females	5,445	0	0	5,445	To fund summer youth program
FRCC-SYI	5,940	0	0	5,940	To fund summer youth program
Graff Family Foundation	5,724	0	(4,404)	1,320	To fund summer youth program
Isabel Foundation	0	40,000	0	40,000	To fund after school program
Loeb Charitable Trust	856	0	(856)	0	To fund the Steel Drum Program
MACACA	0	11,125	(10,085)	1,040	To fund STEM programming for students
My Future	16,193	10,000	(2,060)	24,133	To fund youth mentoring program
OJP	2,577	5,020	(5)	7,592	To fund covid relief
Restart	0	10,000	0	10,000	To fund after school program
Rite Aid Foundation	28,973	10,000	(28,973)	10,000	To fund teen mentoring program
Taco Bell	4,595	21,000	(6,452)	19,143	To fund after school program
Target Corporation	2,780	2,500	(3,000)	2,280	To fund reading tutor salaries
Tummala Foundation	12,465	5,000	(1,660)	15,805	To fund after school program and mindfulness station
United Way	998	80,000	(71,399)	9,599	To fund transportation of kids
West Flint Optimist	1,200	1,000	(200)	2,000	
<u>TOTAL</u>	<u>\$313,832</u>	<u>\$244,552</u>	<u>(\$151,362)</u>	<u>\$407,022</u>	

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

5) FUNDS WITH DONOR RESTRICTIONS (Continued)

As of December 31, 2020 and 2019, net assets of the funds with donor restrictions consist of the following funds:

Fund	2019			Ending	Purpose
	Beginning	Contributions/ Invest Income	Expenses		
AG Bishop Trust	\$0	\$20,000	(\$1,375)	\$18,625	To fund Peak operations
Bishop Trust	17,050	0	(2,955)	14,095	To fund academic success programs
Bray Charitable Trust	0	8,000	(1,143)	6,857	To support after school holiday programs
Buffalo Wild Wings	0	10,000	0	10,000	To fund sports programming
Burroughs Memorial Fund	0	1,000	(1,000)	0	Funds held at Community Foundation of Greater Flint
Community Fdn National Serv	6,311	8,900	(15,211)	0	To supplement Vista cost shares
Community Fdn Steel Drum	19,769	71,466	(86,362)	4,873	To fund the Steel Drum Program
Endowment Fund	155,077	16,559	0	171,636	
Family to Family	0	4,940	(4,940)	0	Partnership with Family to Family
Fierce Females	5,500	0	(55)	5,445	To fund healthy lifestyle programs for girls in the club
FRCC-SYI	0	65,559	(59,619)	5,940	To fund summer youth program
Graff Family Foundation	0	10,000	(4,276)	5,724	To fund summer youth program
Isabel Foundation	0	40,000	(40,000)	0	To fund summer youth program
Kiwanis	0	1,100	(1,100)	0	To fund summer youth program
Loeb Charitable Trust	0	10,000	(9,144)	856	To fund after school program
MACACA	0	12,800	(12,800)	0	To fund the Steel Drum Program
My Future	10,000	10,000	(3,807)	16,193	To fund STEM programming for students
Nartel Family	0	5,000	(5,000)	0	To fund summer youth program
OJP	0	2,577	0	2,577	To fund youth mentoring program
Quota International	0	5,000	(5,000)	0	To fund after school program
RM Studio on the Go	0	27,515	(27,515)	0	To fund covid relief
Rite Aid Foundation	0	30,000	(1,027)	28,973	To fund after school program
Sunrise Rotary	0	1,000	(1,000)	0	To fund summer youth program
Taco Bell	0	17,700	(13,105)	4,595	To fund teen mentoring program
Target Corporation	0	3,000	(220)	2,780	To fund after school program
Tummala Foundation	9,750	10,000	(7,285)	12,465	To fund reading tutor salaries
United Way	0	72,298	(71,300)	998	To fund after school program and mindfulness station
West Flint Optimist	0	1,200	0	1,200	To fund transportation of kids
TOTAL	\$223,457	\$465,614	(\$375,239)	\$313,832	

6) PENSION PLAN

The pension plan was replaced by a 401(k) plan effective January 1, 2012. All pension account balances were transferred to the 401(k) at that date. The pension expense for the year ended December 31, 2020 and 2019 was \$14,423, and \$13,777, respectively.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

7) FAIR VALUE MEASUREMENTS

As of December 31, 2020 and 2019, the Club held certain financial assets that are required to be measured at fair value on a recurring basis. The following table presents information on these assets as well as the fair value hierarchy used to determine their fair value:

	As of December 31, 2020			Total
	Level 1	Level 2	Level 3	
Marketable Securities	\$ 524,166	\$ 0	\$ 189,969	\$ 714,135

	As of December 31, 2019			Total
	Level 1	Level 2	Level 3	
Marketable Securities	\$ 461,579	\$ 0	\$ 171,636	\$ 633,215

Changes in level 3 assets and liabilities measured at fair value on a recurring basis are:

	<u>Endowment</u>
Balance as of December 31, 2019	\$ 171,636
Realized gains	7,224
Unrealized gains included in change in net assets	16,805
Dividends	2,103
Fees	(1,801)
Distributions	(5,998)
<u>Balance as of December 31, 2020</u>	<u>\$ 189,969</u>

8) SPECIAL EVENTS

During the years ended December 31, 2020 and 2019, the Club conducted various fundraisers. The fundraisers are as follows:

	2020	2019
<u>Golf Outing</u>		
Gross Receipts	\$33,289	\$51,654
Less: Expenses	(9,822)	(14,113)
<u>NET GOLF OUTING</u>	<u>\$23,467</u>	<u>\$37,541</u>
<u>Steak and Burger/Suits and Sauce</u>		
Gross Receipts	\$2,000	\$72,230
Less: Expenses	0	(5,382)
<u>NET STEAK AND BURGER/ SUITS AND SAUCE</u>	<u>\$2,000</u>	<u>\$66,848</u>

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8) SPECIAL EVENTS (Continued)

During the years ended December 31, 2020 and 2019, the Club conducted various fundraisers. The fundraisers are as follows:

	2020	2019
<u>Dodging for Dollars</u>		
Gross Receipts	\$0	\$2,540
Less: Expenses	0	(345)
<u>NET DODGING FOR DOLLARS</u>	\$0	\$2,195
<u>Virtual 5k</u>		
Gross Receipts	\$4,866	\$0
Less: Expenses	(329)	0
<u>NET VIRTUAL 5K</u>	\$4,537	\$0
<u>Family Bowling Night</u>		
Gross Receipts	\$2,506	\$0
Less: Expenses	0	0
<u>NET FAMILY BOWLING NIGHT</u>	\$2,506	\$0
<u>YOY Breakfast</u>		
Gross Receipts	\$1,500	\$1,700
Less: Expenses	0	(302)
<u>NET YOY BREAKFAST</u>	\$1,500	\$1,398
<u>SPECIAL EVENTS - NET</u>	\$34,010	\$107,982

9) PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Club entered into a loan (the "PPP-1 Loan") with Huntington Bank (the "Lender") evidencing an unsecured promissory note in the amount of \$130,600 (the "PPP Note") pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Subject to the terms of the PPP Note, the PPP Loan bears interest at a fixed rate of 1% per year, with the first ten months of interest deferred, and payable over a term of two to five years. The PPP Loan is unsecured and guaranteed by the Small Business Administration.

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9) PAYCHECK PROTECTION PROGRAM LOAN (Continued)

The PPP Loans may be used for payroll costs, costs related to certain group health care benefits and insurance premiums, rent payments, utility payments, and also interest payments on any debt obligation that were entered into before February 15, 2020. PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities.

The Club received forgiveness of the PPP-1 Loan in February 2021. Pursuant to the guidance under the Debt Topic of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 470, the Club has recorded the loan as a government grant by analogy to International Accounting Standard (IAS) 20, Accounting for Government Grants and Disclosure of Government Assistance. The Club recorded the PPP-1 loan in current liabilities under guidance provided by IAS 20.

10) COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As discussed in Note 9, the Club obtained a PPP loan in 2020, which helped mitigate the affect COVID-19 had on the 2020-21 financial position. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Club’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Club is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2021.

Although the Club cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Club’s results of future operations, financial position, and liquidity in 2021.

11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the accountant’s audit report, the date on which the financial statements were available to be issued.

In February 2021, the Club entered into a loan (the “PPP-2 Loan”) with Huntington Bank (the “Lender”) evidencing an unsecured promissory note in the amount of \$139,502 (the “PPP Note”) pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Subject to the terms of the PPP Note, the PPP Loan bears interest at a fixed rate of 1% per year, with the first ten months of interest deferred, and payable over a term of two to five years. The PPP Loan is unsecured and guaranteed by the Small Business Administration.

12) UPCOMING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding “right-of-use” assets. For income statement recognition purposes, leases will be classified as either a finance or an operating lease without relying upon the bright-line test under current U.S. GAAP. ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which was issued in June 2020, revised the effective date for this ASU to annual periods beginning on or after December 15, 2021. The Club is currently evaluating the impact of adopting the guidance.



August 24, 2021

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the
Boys & Girls Club of Greater Flint

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Boys & Girls Club of Greater Flint (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys & Girls Club of Greater Flint's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Club of Greater Flint's internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Club of Greater Flint's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys & Girls Club of Greater Flint's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lewis & Knopf, P.C.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS