



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: www.in.gov/sboa

September 23, 2024

Board of Directors
Boys and Girls Club of Huntington County, Inc.
Huntington County, Indiana

We have reviewed the report prepared by Boys and Girls Club of Huntington County, Inc. and opined upon by Culp CPA Group, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Boys and Girls Club of Huntington County, Inc. as of December 31, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Culp CPA Group prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

AUDIT REPORT

DECEMBER 31, 2021 AND 2020

CONTENTS

	Page No.
Independent auditor's report	1
Statements of financial position	3
Statement of activities for the year ended December 31, 2021	4
Statement of activities for the year ended December 31, 2020	5
Statement of functional expenses for the year ended December 31, 2021	6
Statement of functional expenses for the year ended December 31, 2020	7
Statements of cash flows	8
Notes to financial statements	9

Independent Auditor's Report

To the Board of Directors
Boys and Girls Club of Huntington County, Inc.
Huntington, Indiana

We have audited the accompanying financial statements of Boys and Girls Club of Huntington County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Club of Huntington County, Inc. as of December 31, 2021 and 2020, 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. 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 and Girls Club of Huntington County, 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 and Girls Club of Huntington County, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 and Girls Club of Huntington County, 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 and Girls Club of Huntington County, 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.

Culp CPA Group

Culp CPA Group
Certified Public Accountants

Huntington, Indiana
April 27, 2022

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets:</u>		
Cash and cash equivalents - Notes 1 and 2	\$3,307,027	\$1,079,716
Accounts receivable	132,342	116,061
Grant receivable	20,700	19,225
Investments - Notes 3 and 7	<u>101,751</u>	<u>101,336</u>
Total current assets	<u>3,561,820</u>	<u>1,316,338</u>
 <u>Fixed Assets - Note 1:</u>		
Vehicles	27,221	27,221
Equipment	150,534	150,534
Building	2,941,406	2,799,304
Furniture and fixtures	47,537	47,537
Land improvements	99,456	99,456
Land	<u>426,674</u>	<u>411,349</u>
	3,692,828	3,535,401
<u>Less:</u> Accumulated depreciation	<u>744,777</u>	<u>648,800</u>
Total fixed assets	<u>2,948,051</u>	<u>2,886,601</u>
Total assets	<u>\$6,509,871</u>	<u>\$4,202,939</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts payable	\$ 8,244	\$ 7,720
Accrued payroll liabilities and withholdings	14,080	7,764
Deferred revenue - Note 4	<u>-</u>	<u>89,844</u>
Total current liabilities	<u>22,324</u>	<u>105,328</u>
 <u>Long-Term Liabilities:</u>		
SBA loan - Note 5	<u>2,000,000</u>	<u>-</u>
Total long-term liabilities	<u>2,000,000</u>	<u>-</u>
Total liabilities	<u>2,022,324</u>	<u>105,328</u>
 <u>Net Assets:</u>		
Without donor restrictions	4,456,404	4,072,195
With donor restrictions - Note 6	<u>31,143</u>	<u>25,416</u>
Total net assets	<u>4,487,547</u>	<u>4,097,611</u>
Total liabilities and net assets	<u>\$6,509,871</u>	<u>\$4,202,939</u>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, gains and other support -</u>			
Contributions - Individuals	\$ 68,452	\$ -	\$ 68,452
Contributions - Corporate	25,862	-	25,862
Contributions - Organizations	1,204	-	1,204
Contributions - Warren	75	-	75
United Way	-	47,800	47,800
Grants - Federal and state - Note 8	1,441,118	-	1,441,118
Grants - Other	256,380	-	256,380
Special events - Net of expenses of \$611	46,562	-	46,562
Dues	48,191	-	48,191
Capital campaign	-	408	408
Other income	888	-	888
Interest	664	50	714
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support before net assets released from restrictions	1,889,396	48,258	1,937,654
Net assets released from restrictions	42,531	(42,531)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	1,931,927	5,727	1,937,654
	<hr/>	<hr/>	<hr/>
<u>Expenses -</u>			
Program services	1,395,504	-	1,395,504
Management and general	121,340	-	121,340
Fundraising	30,874	-	30,874
	<hr/>	<hr/>	<hr/>
Total expenses	1,547,718	-	1,547,718
	<hr/>	<hr/>	<hr/>
Change in net assets	384,209	5,727	389,936
	<hr/>	<hr/>	<hr/>
<u>Net assets, beginning of year</u>	4,072,195	25,416	4,097,611
	<hr/>	<hr/>	<hr/>
<u>Net assets, end of year</u>	\$ 4,456,404	\$ 31,143	\$4,487,547
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, gains and other support -</u>			
Contributions - Individuals	\$ 54,015	\$ -	\$ 54,015
Contributions - Corporate	33,367	-	33,367
Contributions - Organizations	16,168	-	16,168
Contributions - Warren United Way	1,813	-	1,813
Grants - Federal and state - Note 8	-	38,450	38,450
Grants - Other	849,685	-	849,685
Special events - Net of expenses of \$856	223,629	1,896	225,525
Dues	35,529	-	35,529
PPP loan forgiveness - Note 10	36,298	-	36,298
Capital campaign	101,800	-	101,800
Other income	-	50	50
Interest	2,214	-	2,214
	<u>1,417</u>	<u>28</u>	<u>1,445</u>
 Total revenues, gains and other support before net assets released from restrictions	 1,355,935	 40,424	 1,396,359
 Net assets released from restrictions	 <u>142,224</u>	 <u>(142,224)</u>	 <u>-</u>
 Total revenues, gains and other support	 <u>1,498,159</u>	 <u>(101,800)</u>	 <u>1,396,359</u>
 <u>Expenses -</u>			
Program services	1,047,549	-	1,047,549
Management and general	98,246	-	98,246
Fundraising	<u>24,732</u>	<u>-</u>	<u>24,732</u>
 Total expenses	 <u>1,170,527</u>	 <u>-</u>	 <u>1,170,527</u>
 Change in net assets	 327,632	 (101,800)	 225,832
 <u>Net assets, beginning of year</u>	 <u>3,744,563</u>	 <u>127,216</u>	 <u>3,871,779</u>
 <u>Net assets, end of year</u>	 <u>\$ 4,072,195</u>	 <u>\$ 25,416</u>	 <u>\$4,097,611</u>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries and wages	\$ 690,827	\$ 79,405	\$23,822	\$ 794,054
Employee benefits - Note 11	30,207	3,472	1,042	34,721
Payroll tax expense	<u>47,983</u>	<u>5,515</u>	<u>1,653</u>	<u>55,151</u>
Total salaries and payroll expenses	769,017	88,392	26,517	883,926
Accounting services	9,693	1,077	-	10,770
Advertising and marketing - Note 1	-	-	4,143	4,143
Bank charges	-	1,922	214	2,136
COVID-19 expense	1,417	158	-	1,575
Depreciation - Note 1	86,379	9,598	-	95,977
Direct program supplies	439,573	-	-	439,573
Dues and subscriptions	9,282	1,031	-	10,313
Insurance	15,852	1,761	-	17,613
Legal and professional	-	12,265	-	12,265
Office expense	8,162	907	-	9,069
Postage	844	94	-	938
Repairs and maintenance	8,812	979	-	9,791
Telephone	1,934	215	-	2,149
Training and education	18,064	-	-	18,064
Utilities	24,518	2,724	-	27,242
Vehicle expense	<u>1,957</u>	<u>217</u>	<u>-</u>	<u>2,174</u>
Total expenses	<u>\$1,395,504</u>	<u>\$121,340</u>	<u>\$30,874</u>	<u>\$1,547,718</u>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries and wages	\$ 513,858	\$ 59,064	\$17,719	\$ 590,641
Employee benefits - Note 11	24,447	2,810	843	28,100
Payroll tax expense	<u>37,224</u>	<u>4,279</u>	<u>1,282</u>	<u>42,785</u>
 Total salaries and payroll expenses	 575,529	 66,153	 19,844	 661,526
 Accounting services	 9,240	 1,027	 -	 10,267
Advertising and marketing - Note 1	-	-	4,791	4,791
Bank charges	-	880	97	977
Bad debt expense	-	1,292	-	1,292
COVID-19 expense	3,435	382	-	3,817
Depreciation - Note 1	89,817	9,980	-	99,797
Direct program supplies	278,105	-	-	278,105
Dues and subscriptions	8,596	955	-	9,551
Insurance	19,735	2,193	-	21,928
Interest expense	-	73	-	73
Legal and professional	-	8,885	-	8,885
Office expense	10,357	1,151	-	11,508
Postage	872	97	-	969
Repairs and maintenance	23,128	2,570	-	25,698
Telephone	1,092	121	-	1,213
Training and education	5,256	-	-	5,256
Utilities	21,434	2,381	-	23,815
Vehicle expense	<u>953</u>	<u>106</u>	<u>-</u>	<u>1,059</u>
 Total expenses	 <u>\$1,047,549</u>	 <u>\$ 98,246</u>	 <u>\$24,732</u>	 <u>\$1,170,527</u>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 389,936	\$ 225,832
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	95,977	99,797
Interest added to investments - Certificate of deposits	(415)	(1,336)
(Increase) Decrease in -		
Accounts receivable	(16,281)	(31,287)
Pledges receivable	-	104,020
Grant receivable	(1,475)	(1,725)
Prepaid insurance	-	4,517
Increase (Decrease) in -		
Accounts payable	524	3,016
Payroll withholding and accrual	6,316	(13,444)
Deferred revenue	(89,844)	89,844
Net cash provided by operating activities	<u>384,738</u>	<u>479,234</u>
<u>Cash flows from investing activities:</u>		
Purchase of fixed assets	<u>(157,427)</u>	<u>(66,705)</u>
Net cash (used in) investing activities	<u>(157,427)</u>	<u>(66,705)</u>
<u>Cash flows from financing activities:</u>		
SBA loan	<u>2,000,000</u>	<u>-</u>
Net cash provided by financing activities	<u>2,000,000</u>	<u>-</u>
<u>Net increase in cash and cash equivalents</u>	2,227,311	412,529
<u>Cash and cash equivalents at beginning of year</u>	<u>1,079,716</u>	<u>667,187</u>
<u>Cash and cash equivalents at end of year</u>	<u>\$3,307,027</u>	<u>\$1,079,716</u>
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid during the year for -		
Interest	<u>\$ -</u>	<u>\$ 73</u>

The accompanying notes are integral part of these financial statements.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 1: Organization and summary of significant accounting policies -

Organization - The Boys and Girls Club of Huntington County, Inc. (the Organization) is a nonprofit corporation organized for the purpose of providing and supervising program activities in personal and educational development, citizenship and leadership development, cultural enrichment, health and physical education, social, recreation in outdoors, and environmental education for the youth of Huntington County, ages six through eighteen. The Organization strives to develop the qualities necessary for youth to become responsible citizens and leaders.

Basis of accounting - The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded when liabilities are incurred. Also, equipment purchased through grant awards is charged to expense in the period during which it is approved by funding sources and purchased. The equipment acquired is owned by the Organization while used in current or other future authorized programs. The funding sources have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition as well as the ownership of any sale proceeds, is subject to funding source regulations.

Basis of presentation - Financial statement presentation follows Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Donor-imposed stipulations are reported as net assets without donor restrictions if the stipulations expire in the reporting period in which the revenue is recognized.

With donor restrictions - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by passage of time. Also, net assets include amounts whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

Note 1: Organization and summary of significant accounting policies
(Continued) -

Cash and cash equivalents - For the purpose of reporting cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Fixed assets - Fixed assets are stated at cost or, if donated, at fair value at the date of the gift. Items with a cost or value of \$500 or more and a useful life of one year or more are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

Depreciation - Depreciation charged against income was \$95,977 and \$99,797 for the years ended December 31, 2021 and 2020, respectively.

The Organization depreciates assets over their estimated useful lives, using the straight-line method of computing depreciation for financial statement purposes. Estimated useful lives for computing depreciation were as follows:

<u>Assets</u>	<u>Years</u>
Building	20-40
Equipment	5- 7
Furniture and fixtures	5- 7
Land improvements	15
Vehicles	5

Revenue and revenue recognition - Government funded grants under cost-reimbursable grants are recognized as revenue when allowable expenditures are incurred. Other grants and contributed cash and promises are recognized when cash, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. We consider all contributions to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. Other grants and contributed cash and promises expected to be collected within one year are recorded at net realizable value. Other grants and contributed cash and promises expected to be collected in more than one year are recorded at the

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

Note 1: Organization and summary of significant accounting policies
(Continued) -

Revenue and revenue recognition (Continued) -

present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the periods in which the promises are received. Amortization of the discounts is included in revenues. Conditional promises to give are not recognized as revenues until the conditions are substantially met.

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. Our policy is to sell donated securities and non-cash donations as soon as practical after receipt. Contributions of property and equipment are recorded at fair value at the date of contribution and are reported as increases in net assets without donor restrictions unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment, are reported as net assets with donor restrictions. Absent donor stipulations regarding how long such donated assets must be maintained, we report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. We reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

All contributions are considered to be available for use unless specifically restricted by the donor. Gifts of cash are reported as net assets with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Sponsorships for special events are treated as contributions and recognized when received or promised. Amounts received in advance of sponsored events are time restricted and reported as net assets with donor restrictions until the events occur.

Dues received from parents or guardians are for the purpose of providing and supervising program activities in personal and educational development, citizenship and leadership development, cultural enrichment, health and physical education, social, recreation in outdoors and environmental education for the youth. Dues income is recognized as revenue on a month-to-month basis.

Income tax status - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation, and is not considered to be a private foundation under Section 509(a) of the Code.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

Note 1: Organization and summary of significant accounting policies
(Continued) -

Income tax status (Continued) -

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes. This standard addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2021 and 2020, there were no unrecognized tax benefits identified or recorded as liabilities. The Organization files Form 990 and the related state of Indiana return.

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 regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results could differ from those estimates.

Advertising - Advertising costs are charged to operations as incurred. Total advertising costs expensed during the years ended December 31, 2021 and 2020 was \$4,143 and \$4,791, respectively.

Liquidity and funds available - The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. All current assets are available to meet cash needs for general expenditures within one year.

Note 2: Credit risk and concentrations - The Organization maintains its cash accounts at local banks. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2021 and 2020, deposits in excess of the insured amount totaled \$2,649,385 and \$640,651, respectively.

Note 3: Investments - The Organization's investments consist of four certificates of deposit. The certificates of deposit are with local financial institutions with maturity dates that exceed three months. The Organization's investments are recorded at fair value.

The certificates of deposit are all short-term and bear interest at rates between .05% and .50%.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

Note 4: Deferred revenue - On November 17, 2020, the Organization was awarded a grant of \$102,000 from Lilly Endowment, Inc. to fund Indiana youth programs impacted by COVID-19. The Organization received the entire amount on December 4, 2020. The grant proceeds have been recorded as deferred revenue and will be released at expense occurrence. Written reports for both the program and financial activity are due on October 31, 2021 and the proceeds were fully released. Expenses for the years ended December 31, 2021 and 2020 were \$89,844 and \$12,156, respectively.

Note 5: SBA loan - The Organization received a \$2,000,000 loan from the U.S. Small Business Administration in increments of \$500,000 on June 22, 2021 and \$1,500,000 on November 19, 2021. All of the repayment terms have not been received. The Organization was notified that monthly payments of \$8,707 are expected to begin in early 2023.

Note 6: Net assets with donor restrictions - Net assets with donor restrictions are available for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Keystone	\$ 10,443	\$ 6,191
United Way	<u>20,700</u>	<u>19,225</u>
Total	<u>\$ 31,143</u>	<u>\$ 25,416</u>

Net assets were released from donor restriction by incurring expenses satisfying the purpose of the restrictions as follows:

	<u>2021</u>	<u>2020</u>
Keystone	\$ 2,606	\$ 1,401
Capital campaign	-	104,098
United Way	<u>39,925</u>	<u>36,725</u>
Total net assets released from restrictions	<u>\$ 42,531</u>	<u>\$142,224</u>

Note 7: Fair value of financial instruments - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a particular date. A fair value hierarchy has been established which requires an organization to maximize observable inputs when measuring fair value. Three levels of inputs may be used to measure fair value as follows:

Level 1 Inputs: Quoted market prices in active markets for identical assets or liabilities.

Level 2 Inputs: Significant other observable inputs, other than quoted market prices included in Level 1 prices, for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect the Organization's assumptions about assumptions that market participants would use in pricing an asset or liability.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

Note 7: Fair value of financial instruments (Continued) -

The Organization values certificates of deposit at fair value based upon similar investments with the same terms (Level 2).

Assets measured at fair value on a recurring basis are summarized as follows by the three levels of hierarchy:

	<u>December 31, 2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 101,751</u>	<u>\$ -</u>
	<u>December 31, 2020</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 101,336</u>	<u>\$ -</u>

Note 8: Government funding - During 2021 and 2020, the Organization received the following amounts from government entities:

<u>Agency Or Federal Grantor/ Pass-Through Grantor</u>	<u>2021</u>	<u>2020</u>
U.S. Department of Justice - Passed through Boys and Girls Club of America - Office of Justice Program Grant	\$ 12,040	\$ 9,322
U.S. Department of Education - Passed through State of Indiana - 21st CCLC Grant	609,993	463,474
Summer Food Service Program Grant	49,875	39,436
Child and Adult Care Food Program Grant	<u>186,100</u>	<u>127,000</u>
Total federal assistance	858,008	639,232
State of Indiana	<u>583,110</u>	<u>210,453</u>
	<u>\$1,441,118</u>	<u>\$849,685</u>

Note 9: Community Foundation funds - The Huntington County Community Foundation holds funds donated on behalf of Boys and Girls Club of Huntington County, Inc. totaling \$285,599 and \$263,226 at December 31, 2021 and 2020, respectively. This balance has not been recorded as an asset of the Organization because the Community Foundation has maintained variance power over these funds. A portion of the earnings from these funds is made available to the Organization each year. At December 31, 2021 and 2020, \$10,977 and \$8,946 was available for distribution.

BOYS AND GIRLS CLUB OF HUNTINGTON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

Note 10: PPP loan forgiveness - On April 11, 2020, the Organization received loan proceeds in the amount of \$111,800 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 8 to 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 8 to 24 week period.

The Organization used the proceeds for purposes consistent with the PPP and met the conditions for forgiveness. Of the loan proceeds, \$101,800 was forgiven. The unforgiven portion of \$10,000 was due to the Organization receiving an additional \$10,000 under the Economic Injury Disaster Loan Advance ("EIDLA") program (located in the other grants account). The EIDLA, established by the Small Business Administration, is available for any entity that is in a federal disaster zone. The unforgiven portion of the PPP loan was payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization paid the unforgiven portion in December 2020. In 2021, due to changes in the relationship between the PPP and the EIDLA, the Organization subsequently received back the \$10,000 unforgiven portion.

Note 11: Employee benefits - The Organization has a tax deferred annuity plan under Internal Revenue Code Section 403(b). All salaried employees are eligible to contribute a portion of their eligible compensation to the Plan in accordance with plan provisions. The Plan required the Organization to match dollar-for-dollar employee contributions of up to 3% of pay. Total contributions made to the Plan by the Organization totaled \$7,442 and \$5,372 for the years ended December 31, 2021 and 2020, respectively.

Note 12: Related parties - The Organization utilized management and employment services from affiliated Boys and Girls Clubs in the amount of \$27,989 and \$41,013 for the years ended December 31, 2021 and 2020, respectively.

Note 13: Subsequent events - Management has evaluated the activities and transactions subsequent to December 31, 2021 for potential recognition and/or disclosure within the financial statements for the year ended December 31, 2021. This analysis was performed through April 27, 2022, the date the financial statements were available to be issued.