



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 16, 2023

Board of Directors
Boys and Girls Club of St. Joseph County
502 East Sample Street
South Bend, IN 46601

We have reviewed the audit report of Boys and Girls Club of St. Joseph County which was opined upon by DWC CPAs, LLC, 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 St. Joseph County 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, DWC CPAs, LLC prepared the audit report in accordance with 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

FINANCIAL REPORT

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys and Girls Club of St. Joseph County, Inc.
South Bend, Indiana

Opinion

We have audited the 2021 financial statements of Boys and Girls Club of St. Joseph County, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying 2021 financial statements present fairly, in all material respects, the financial position of Boys and Girls Club of St. Joseph County, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 and Girls Club of St. Joseph County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The accompanying 2020 financial statements of Boys and Girls Club of St. Joseph County, Inc. were audited by Cullar & Associates, PC, a firm with which we merged, whose opinion dated August 20, 2021 expressed an unmodified opinion on those financial statements.

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 St. Joseph 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 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 and Girls Club of St. Joseph 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 St. Joseph 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DWC CPA's LLC

South Bend, Indiana
May 17, 2022

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents	\$ 1,482,699	\$ 1,363,086
Investments	611,896	453,374
Promises to give:		
Financial assets	534,004	152,486
Property	-	977,922
Employee retention tax credits	211,067	-
Prepaid expenses	4,034	-
Property and equipment	<u>1,405,001</u>	<u>285,499</u>
<i>Total assets</i>	<u>\$ 4,248,701</u>	<u>\$ 3,232,367</u>
Liabilities and Net Assets:		
Liabilities:		
Accounts payable	\$ 146,936	\$ 45,438
Accrued liabilities	182,772	160,738
Deferred revenues	<u>-</u>	<u>8,531</u>
<i>Total liabilities</i>	<u>329,708</u>	<u>214,707</u>
Net Assets:		
Without donor restrictions:		
Undesignated	2,382,400	1,669,484
Invested in property and equipment	<u>1,405,001</u>	<u>285,499</u>
	<u>3,787,401</u>	<u>1,954,983</u>
With donor restrictions:		
Purpose restricted	84,333	23,337
Time-restricted for future periods	<u>47,259</u>	<u>1,039,340</u>
	<u>131,592</u>	<u>1,062,677</u>
<i>Total net assets</i>	<u>3,918,993</u>	<u>3,017,660</u>
<i>Total liabilities and net assets</i>	<u>\$ 4,248,701</u>	<u>\$ 3,232,367</u>

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

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue:						
Grants and contributions:						
Government-funded awards	\$ 1,589,982	\$ -	\$ 1,589,982	\$ 377,661	\$ -	\$ 377,661
Employee retention tax credits	211,067	-	211,067	-	-	-
Other grants	604,587	230,285	834,872	757,076	272,346	1,029,422
Private contributions	309,718	-	309,718	537,878	-	537,878
Grants from affiliates -						
Financial assets	28,149	50,000	78,149	303,728	15,000	318,728
Contributed land	185,328	-	185,328	-	-	-
Use of contributed facilities	37,000	-	37,000	111,000	-	111,000
Special events, net of cost of direct benefits to donors of \$27,969 and \$-0-, respectively	588,572	-	588,572	219,173	-	219,173
Revenues from contracts with customer-members:						
Dues and fees	363,413	-	363,413	204,149	-	204,149
Net investment income	65,596	-	65,596	41,172	-	41,172
Other	942	-	942	4,140	-	4,140
Net assets released from restrictions	1,211,370	(1,211,370)	-	857,529	(857,529)	-
<i>Total support and revenue</i>	<u>5,195,724</u>	<u>(931,085)</u>	<u>4,264,639</u>	<u>3,413,506</u>	<u>(570,183)</u>	<u>2,843,323</u>
Expenses:						
Program services expenses:						
Club Programs	<u>2,716,652</u>	<u>-</u>	<u>2,716,652</u>	<u>1,692,501</u>	<u>-</u>	<u>1,692,501</u>
Supporting services expenses:						
Management and general	437,346	-	437,346	297,076	-	297,076
Fundraising	<u>209,308</u>	<u>-</u>	<u>209,308</u>	<u>96,659</u>	<u>-</u>	<u>96,659</u>
	<u>646,654</u>	<u>-</u>	<u>646,654</u>	<u>393,735</u>	<u>-</u>	<u>393,735</u>
<i>Total expenses</i>	<u>3,363,306</u>	<u>-</u>	<u>3,363,306</u>	<u>2,086,236</u>	<u>-</u>	<u>2,086,236</u>
Change in net assets	1,832,418	(931,085)	901,333	1,327,270	(570,183)	757,087
Net assets, beginning of year	<u>1,954,983</u>	<u>1,062,677</u>	<u>3,017,660</u>	<u>627,713</u>	<u>1,632,860</u>	<u>2,260,573</u>
<i>Net assets, end of year</i>	<u>\$ 3,787,401</u>	<u>\$ 131,592</u>	<u>\$ 3,918,993</u>	<u>\$ 1,954,983</u>	<u>\$ 1,062,677</u>	<u>\$ 3,017,660</u>

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

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	2021				2020			
	<u>Club Programs</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Totals</u>	<u>Club Programs</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Totals</u>
Salaries	\$ 1,387,422	\$ 289,557	\$ 133,373	\$ 1,810,352	\$ 1,140,056	\$ 158,505	\$ 53,944	\$ 1,352,505
Payroll taxes	110,834	17,684	8,146	136,664	98,421	13,684	4,657	116,762
Retirement	12,503	7,033	-	19,536	5,713	3,812	-	9,525
Insurance	<u>55,262</u>	<u>8,817</u>	<u>4,062</u>	<u>68,141</u>	<u>55,216</u>	<u>7,677</u>	<u>2,613</u>	<u>65,506</u>
<i>Total personnel</i>	1,566,021	323,091	145,581	2,034,693	1,299,406	183,678	61,214	1,544,298
Contracted personnel	427,330	-	-	427,330	23,185	-	-	23,185
Use of contributed facilities	30,007	4,788	2,205	37,000	93,565	13,008	4,427	111,000
Other occupancy expenses	89,384	14,262	6,569	110,215	108,437	15,076	5,131	128,644
Technology	10,286	26,433	-	36,719	-	-	-	-
Professional fees and consultants	39,775	41,584	-	81,359	38,098	48,308	15,956	102,362
Printing	3,376	3,906	4,035	11,317	10,948	1,522	518	12,988
Insurance	42,653	6,806	3,134	52,593	36,553	5,082	1,730	43,365
Public and donor relations	-	-	4,621	4,621	-	-	613	613
Onboarding	28,799	4,595	2,117	35,511	15,081	8,023	-	23,104
Food	-	-	-	-	-	5,646	-	5,646
Staff development	13,663	-	2,500	16,163	-	5,061	-	5,061
Program supplies	62,109	-	-	62,109	-	-	-	-
Youth activities	339,647	-	-	339,647	42,811	-	-	42,811
Postage and mailings	-	364	1,111	1,475	546	76	26	648
Office supplies	-	2,794	-	2,794	2,071	288	98	2,457
Travel	3,801	-	-	3,801	994	-	-	994
Special events	-	-	60,323	60,323	-	-	3,800	3,800
Depreciation	35,479	5,661	2,608	43,748	8,581	-	3,146	11,727
Other	<u>24,322</u>	<u>3,062</u>	<u>2,473</u>	<u>29,857</u>	<u>12,225</u>	<u>11,308</u>	<u>-</u>	<u>23,533</u>
<i>Total expenses by function</i>	2,716,652	437,346	237,277	3,391,275	1,692,501	297,076	96,659	2,086,236
Less expenses netted against revenues in the statements of activities:								
Cost of direct benefits to donors	-	-	(27,969)	(27,969)	-	-	-	-
<i>Total expenses reported in the expense sections of the statements of activities</i>	<u>\$ 2,716,652</u>	<u>\$ 437,346</u>	<u>\$ 209,308</u>	<u>\$ 3,363,306</u>	<u>\$ 1,692,501</u>	<u>\$ 297,076</u>	<u>\$ 96,659</u>	<u>\$ 2,086,236</u>

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

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Change in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash received from grants and contributions	\$ 2,376,087	\$ 2,368,253
Cash received from special events	588,841	251,673
Cash received from dues and fees	354,882	203,277
Cash received from other sources	942	4,140
Investment income received	6,075	2,074
Cash paid for personnel	(2,017,431)	(1,439,224)
Cash paid to vendors and others	<u>(1,149,432)</u>	<u>(411,489)</u>
<i>Net cash provided by operating activities</i>	<u>159,964</u>	<u>978,704</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(29,969)	(267,256)
Sale of investments	183,764	
Purchase of investments	<u>(194,146)</u>	<u>(49,304)</u>
<i>Net cash (used in) investing activities</i>	<u>(40,351)</u>	<u>(316,560)</u>
Net change in cash and cash equivalents	119,613	662,144
Cash and cash equivalents, beginning of year	<u>1,363,086</u>	<u>700,942</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 1,482,699</u>	<u>\$ 1,363,086</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in net assets	\$ 901,333	\$ 757,087
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributed investments	(82,816)	-
Contributed land from affiliate	(185,328)	-
Investment (gains)	(65,324)	(39,514)
Depreciation	43,748	11,726
Changes in assets and liabilities:		
Promises to give	(381,518)	137,064
Employee retention tax credits	(211,067)	-
Other receivables	-	17,595
Prepaid expenses	(4,034)	2,335
Accounts payable and accrued liabilities	153,501	93,283
Deferred revenues	<u>(8,531)</u>	<u>(872)</u>
<i>Net cash provided by operating activities</i>	<u>\$ 159,964</u>	<u>\$ 978,704</u>
<i>Noncash Transactions:</i>		
Promise to give converted to property and equipment	<u>\$ 977,922</u>	\$ -
Promise to give converted to investments	<u>\$ -</u>	<u>\$ 364,556</u>
Purchase of property and equipment financed by accounts payable	<u>\$ -</u>	<u>\$ 29,969</u>

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

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Boys and Girls Club of St. Joseph County, Inc. (the Organization, we, us, our) is an Indiana nonprofit corporation providing programs enabling young people in St. Joseph County, Indiana to reach their full potential as productive, caring, and responsible adults. Our operations are supported primarily by governmental grants, special events, and dues and fees.

At Boys and Girls Club of St. Joseph County, we have a bold vision: **that success is within reach of every child.** We believe every girl and boy deserves a safe place to learn and grow; life-enhancing programs, character development experiences, and hope and opportunity for the future. In such an environment, kids can discover how to see beyond the walls of their current situation and realize they can succeed. They are becoming better people, contributing members of the community – our future citizens, labor force, and leaders.

Significant Accounting Policies:

Method of Presentation:

As discussed further in Note 2, we are controlled by and related to Family and Children's Center, Inc. These financial statements present the financial position, results from operations, and cash flows of Boys and Girls Club of St. Joseph County, Inc., only and do not include the accounts of Family and Children's Center, Inc. or its other affiliates.

Use of Estimates:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of 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 may differ from estimated amounts. Significant estimates used in the financial statements include –

- Revenue earned from fee-for-service and cost-reimbursable awards from governmental agencies that are governed by cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The allowance for promises to give, which is based on factors discussed later in this note.
- Allocations of costs among functions, which are based on time and facility usage studies and other cost allocation methods.

Net Asset Classes:

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 restrictions.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity; however, to date we have not received such net assets. 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:

We consider highly liquid financial instruments with original maturities of three months or less and that are neither held for nor restricted by donors for long-term purposes to be cash and cash equivalents. However, cash and cash equivalents temporarily held in investment accounts pending re-investment are included in investments.

Investments:

Investment purchases are recorded at cost, or if donated, at fair value on the date donated. Thereafter, investments are reported at fair value in the statements of financial position. Net investment income is reported in the statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external and direct internal investment expenses.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value, using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written-off when deemed uncollectable.

Accounts Receivable:

Accounts receivable are stated at the outstanding balance, net of any charge-offs and an allowance for uncollectables. We provide an allowance for uncollectables based upon specific identification of accounts receivable where collection is no longer deemed probable and an allowance based upon the level of total accounts receivable balances. In determining the allowance, we evaluate the payment history and other known information for individual accounts, historical losses, and current economic conditions. Individual accounts receivable are charged-off against the allowance in the period that the receivable is deemed uncollectable. Recoveries of receivables previously charged-off are recorded as income in the period received. We do not charge interest on our accounts receivable.

Property and Equipment:

Property and equipment is stated at cost if purchased, or at fair market value at the date of receipt if donated. Depreciation is recorded by the straight-line method over the estimated useful lives of the assets or, in the case of leasehold improvements, over the lesser of the term

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

of the related lease or the estimated useful lives of the assets. Useful lives are generally as follows:

Building and improvements	25 years
Land improvements	15 years
Furniture and equipment	7 years

We review the carrying values of property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent that carrying value exceeds the fair value of the assets.

Beneficial Interests in Assets Held by Others:

We recognize our beneficial interest in assets held by others unless the donor has granted the recipient organization variance power.

Revenue and Revenue Recognition:

Grants and contributions-

Grants under cost-reimbursable and unit-based awards are recognized as revenue when allowable expenditures are incurred or units are completed. Amounts received in advance of incurring allowable costs are reported as refundable grant advances in the statements of financial position. Other types of grants and contributions are recognized when cash, securities, or other assets, 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.

Grants and contributions expected to be collected within one year are recorded at net realizable value. Grants and contributions that are expected to be collected in more than one year are recorded at the 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. 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

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

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by the donor. We reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

The fair value for the donated use of our facilities is recorded as revenue and expense. For the years ended December 31, 2021 and 2020, we recognized \$37,000 and \$111,000, respectively, for the contributed use of our facilities. We stopped paying rent in 2020 as the transfer of ownership of our facility to us from Family and Children's Center, Inc. was in process, but not completed until May 2021 (see Notes 2 and 5).

Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated, are recorded at their fair value in the period received. No amounts for contributed services were recognized in the accompanying financial statements; however, a substantial number of unpaid volunteers make significant contributions of their time to us which do not meet the requirements to be recognized in the financial statements.

Special events-

Sponsorships for special events are treated as contributions and recognized when received or promised. Amounts received in advance of sponsored events are reported as net assets with donor restrictions until the events occur. Other revenues from special events that are exchange transactions, such as admissions, vendor fees, and product sales, are recognized at a point in time when the event occurs.

Dues and fees-

Membership dues are recognized as revenue over the period of the membership. Dues received in advance are recorded as a liability and are reported as deferred revenues in the statements of financial position. Membership dues are generally for the school calendar year and entitle member access to certain programs provided by us. Fees are recognized as revenue upon the completion of the performance of our services provided in or with member participation in our Before and After School Club and Summer Club. Fees for Before and After School Club are generally charged a week in advance of member attendance or participation. Fees for Summer Club are charged in advance of member attendance or participation.

Performance obligations-

A performance obligation is a promise in a contract with a customer to transfer a distinct good or service. All of our contracts with member-customers are considered to have a single performance obligation, whereby we provide a product or service to our members.

Paycheck Protection Program-

In 2020, we were granted a \$151,800 loan under the Paycheck Protection Program administered by a Small Business Administration approved partner. Proceeds from the loan were eligible for forgiveness if we maintained employment levels during the 24-week "covered period" after the loan was disbursed, and used the funds for certain payroll, rent, and utility expenses. The loan had no collateral or guarantees and was subject to an interest rate of 1% and originally due in April 2022.

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

We initially recorded the loan as deferred income and subsequently recognized the entire \$151,800 as revenue in 2020 in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the loan no longer existed. In June 2021, we received full forgiveness of the loan.

Employee Retention Tax Credits-

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 and was subsequently modified and was intended to help businesses retain workforces and avoid layoffs during the coronavirus pandemic. It provides a per-employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. Two critical tests for eligibility exist – a partial or total government ordered shutdown, or a specified decline in gross receipts.

Included in promises to give at December 31, 2021, and in revenues for the year then ended, is \$211,067 for ERC claims for the quarters ended June 30, 2020 and March 31, 2021. We received these amounts in April 2022.

Functional Allocation of Expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function and report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent to affiliate and occupancy, which is allocated on a square footage basis, as well as salaries, payroll taxes, retirement, insurance benefits, general insurance, telephone, postage, office supplies, and others, which are allocated on the basis of estimates of time and effort or other factors driving expenses.

Income Taxes:

We are exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for tax on income derived from business activities that are unrelated to our exempt purpose. We have been determined to not be a private foundation under Internal Revenue Code Section 509(a)(1).

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include our tax-exempt status and positions related to the potential sources of unrelated business taxable income. We have not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. We classify interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There is no accrued interest or any penalties related to unrecognized tax benefits at either December 31, 2021 or 2020, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. We are no longer

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.
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subject to examination by the Internal Revenue Service or the State of Indiana for years prior to December 31, 2018.

Financial Instruments and Credit Risk:

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, local individuals, and others supportive of our mission.

Change in Accounting Policy and Reclassifications:

In 2021 we changed our accounting policy for reporting contributions with restrictions. Our prior policy was that if a restriction was fulfilled in the same year in which the contribution was received, we reported the support as unrestricted. Our new policy is that contributions with restrictions are reported as restricted regardless of when the restriction is satisfied. This change was made to provide additional and more complete information on our spending of contributions with restrictions. This change was made retrospectively with no changes to any financial statement line-item totals in 2020. The effect of the change on the 2020 statement of activities was to increase grants with donor restrictions by \$266,041; decrease grants without donor restrictions by \$266,041; and to increase net assets released from restrictions increased by \$266,041; with no effect on the change in net assets.

In addition, we changed certain expense classifications in the 2020 statement of functional expenses to conform with 2021 classifications.

Subsequent Events:

We have evaluated events occurring subsequent to December 31, 2021 for possible adjustment to the financial statements or disclosure through May 17, 2022, the date the financial statements were available to be issued.

NOTE 2. RELATED PARTY INFORMATION

We are related through common control, management, and purpose to the following nonprofit organizations (collectively, the Affiliates):

- *Family and Children's Center, Inc.*, which provides leadership and mission support services to the Affiliates.
- *Family & Children's Center Counseling and Development Services, Inc.*, which provides programs that empower individuals and families by promoting human growth and dignity and preventing abuse through advocacy, education, counseling, and supportive services.
- *Family and Children's Center Foundation, Inc.*, which provides financial support to the Affiliates.

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Family and Children’s Center, Inc. controls the Affiliates through direct and indirect voting control of the Boards of Directors. In the case of the Organization, all members of its Board must be approved by the Family and Children’s Center, Inc. Board, and up to one-half of its Board members may be appointed by the Family and Children’s Center, Inc. Board. In addition, the Family and Children’s Center’s Board of Directors must include at least one member from each Affiliate’s Board of Directors, and the number of members of that Board who are not members of Affiliates’ Boards cannot exceed one-half of the number of members who are members of Affiliates’ Boards.

Promises to give at December 31, 2020 include \$977,922 due from Family and Children’s Center, Inc. for the estimated value of real estate that was transferred to us in 2021. We received grants of \$78,149, and \$218,728 from Family and Children’s Center Foundation, Inc. for the years ended December 31, 2021 and 2020, respectively, and we received grants totaling \$0- and \$100,000 from Family and Children’s Center, Inc. for the years ended December 31, 2021 and 2020, respectively. We also received additional land valued at \$185,328 from Family and Children's Center, Inc. in 2021. We received free use of our facilities valued at \$37,000 and \$111,000 from, and incurred \$2,200 and \$26,400 in expenses for purchase of services to, Family and Children’s Center, Inc for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021, Family and Children’s Foundation, Inc. owed us \$9,399 for grants promised in 2021. At December 31, 2021 and 2020, we owed Family and Children’s Center, Inc. \$1,720 and \$4,509, respectively, for shared expenses.

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (that is, without donor or other restrictions limiting their use) within one year of December 31, 2021 and 2020, respectively, are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$1,398,366	\$1,329,807
Investments	611,896	463,316
Promises to give	<u>725,071</u>	<u>112,486</u>
<i>Total financial assets available for general expenditure</i>	<u>\$2,735,333</u>	<u>\$1,905,609</u>

Promises to give reflect all portions expected to be collected within twelve months of December 31, 2021 and 2020. Also, as discussed in Note 8, we have available at December 31, 2021 a \$250,000 bank line of credit.

We are partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, we must maintain sufficient resources to meet those responsibilities to our donors. Thus, financial assets may not be available for general expenditure within one year, and these have been excluded from the above amounts. As part of our liquidity management, we have a policy to structure our financial assets to be available as our general expenditures, liabilities, and other obligations come due. In addition, we may invest cash in excess of daily requirements in short-term investments.

NOTE 4. INVESTMENTS AND NET INVESTMENT INCOME

Investments consist of the following at December 31, 2021 and 2020, respectively:

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash equivalents	\$ 4,032	\$ -
Fixed mutual funds	152,924	111,206
Equity mutual funds	<u>454,940</u>	<u>342,168</u>
<i>Total investments</i>	<u>\$ 611,896</u>	<u>\$ 453,374</u>

Net investment income is as follows for the years ended December 31, 2021 and 2020, respectively:

Dividends and interest on investments	\$ 6,075	\$ 2,074
Investment gains	65,324	39,514
Investment management fees	<u>(5,803)</u>	<u>(416)</u>
<i>Net investment income</i>	<u>\$ 65,596</u>	<u>\$ 41,172</u>

NOTE 5. PROMISES TO GIVE

Promises to give are estimated to be collected as follows at December 31, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 726,562	\$ 1,093,365
In one to five years	<u>20,000</u>	<u>40,000</u>
	746,562	1,133,365
Less discount to net present value at 2.571%	<u>(1,491)</u>	<u>(2,957)</u>
<i>Net promises to give</i>	<u>\$ 745,071</u>	<u>\$ 1,130,408</u>

Included in amounts due within one year at December 31, 2020 is a promise valued at \$977,922 from Family and Children's Center, Inc. which represents the estimated fair value of our facility and land footprint, which had been promised to us. The transfer occurred in May 2021.

At December 31, 2021, we had received approximately \$6,976,000 in conditional promises to give in excess of allowable costs incurred under cost-reimbursable awards, which will be recognized as revenue if and when allowable costs are incurred.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Land	\$ 214,500	\$ -
Building and improvements	1,106,051	157,301
Land improvements	19,797	19,797
Furniture and equipment	<u>120,128</u>	<u>120,128</u>
	1,460,476	297,226
Less accumulated depreciation	<u>(55,475)</u>	<u>(11,727)</u>
<i>Net property and equipment</i>	<u>\$ 1,405,001</u>	<u>\$ 285,499</u>

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

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NOTE 7. COMMUNITY FOUNDATION FUND

We are the beneficiary of a fund held by Community Foundation of St. Joseph County, Inc. (the Community Foundation), which receives donations from third-party donors that are invested to provide income to us. The amount of distributions is based upon Community Foundation's spending policy and the amount of funds designated for us. Because the donations have been from third-party donors who granted Community Foundation granted variance power, the fund is not reported as an asset in the accompanying statements of financial position. The fund had a fair value of \$249,379 and \$221,997 at December 31, 2021 and 2020, respectively. We received contributions from the fund of \$9,592 and \$9,095 for the years ended December 31, 2021 and 2020, respectively, which are included in contributions revenue in the accompanying statements of activities.

NOTE 8. DEBT INFORMATION

We maintain a \$250,000 bank line of credit agreement that is collateralized by substantially all of our assets. The line expires in August 2022. No borrowings were outstanding at either December 31, 2021 or 2020.

NOTE 9. NET ASSETS INFORMATION

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Memorial	\$ 17,137	\$ 17,137
Technology	21,377	-
Personnel positions	36,862	-
Youth and education activities	3,844	-
Employee and family fund	5,113	-
Grant writers	-	6,200
	<u>84,333</u>	<u>23,337</u>
Subject to passage of time:		
United Way of St. Joseph County	8,750	4,375
Pokagon Band of Potawatomi Indians	38,509	57,043
Family and Children's Center, Inc.	-	977,922
	<u>47,259</u>	<u>1,039,340</u>
<i>Total net assets with donor restrictions</i>	<u>\$ 131,592</u>	<u>\$ 1,062,677</u>

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by passage of time or other events specified by the donors as follows for the years ended December 31, 2021 and 2020, respectively:

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

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	<u>2021</u>	<u>2020</u>
Expiration of time restrictions –		
United Way	\$ 4,375	\$ 4,375
Pokagon Band of Potawatomi Indians	20,000	20,000
Family & Children’s Center Foundation, Inc.	977,922	500,000
2020 Greatest Kids event	-	<u>32,500</u>
	<u>1,002,297</u>	<u>556,875</u>
Satisfaction of purpose restrictions:		
Technology	8,225	8,368
Grant writer	6,200	8,800
Community Foundation programming	34,910	17,445
E-Learning	-	266,041
Youth and education activities	67,032	-
Personnel positions	35,538	-
Volunteer relations	43,240	-
Scholarships and financial assistance	6,178	-
Other	<u>7,750</u>	<u>-</u>
	<u>209,073</u>	<u>300,654</u>
<i>Total net assets released from restrictions</i>	<u>\$ 1,211,370</u>	<u>\$ 857,529</u>

NOTE 10. LEASE INFORMATION

We previously leased our facilities from Family and Children’s Center, Inc. Total rent expense was \$37,000 and \$111,000 for the years ended December 31, 2021 and 2020, respectively, all of which was donated to us. As discussed in Note 5, in 2019 Family and Children’s Center, Inc. promised to transfer ownership of our facilities to us, which occurred in May 2021.

NOTE 11. FAIR VALUE MEASUREMENTS

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- *Level 1:* Quoted prices (unadjusted) for identical assets in active markets that the entity has the ability to access as of the measurement date.
- *Level 2:* Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- *Level 3:* Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset.

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

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In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

The fair value of assets measured on a recurring basis at December 31, 2021 and 2020, respectively, is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>For 2021:</i>				
Investments	<u>\$ 611,896</u>	<u>\$ 611,896</u>	<u>\$ -</u>	<u>\$ -</u>
<i>For 2020:</i>				
Investments	<u>\$ 453,374</u>	<u>\$ 453,374</u>	<u>\$ -</u>	<u>\$ -</u>

The fair values of investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The fair value of assets measured on a non-recurring basis at December 31 2020 is as follows:

Included in promises to give –				
Building and land footprint				
for our facility	<u>\$ 977,922</u>	<u>\$ -</u>	<u>\$ 977,922</u>	<u>\$ -</u>

Fair value for the building and land footprint was determined by an appraisal performed by an independent licensed commercial appraisal company.

NOTE 12. RETIREMENT PLAN

We participate in a defined-contribution retirement pension plan under Internal Revenue Code Section 401(k) maintained by Family and Children’s Center, Inc. covering substantially all of the full-time employees. Employer contributions are based on 3% of eligible compensation. Retirement expense was \$19,536 and \$9,525 for the years ended December 31, 2021 and 2020, respectively.

NOTE 13. CONCENTRATIONS

All of our programs and activities are in St. Joseph County, Indiana and the surrounding area; consequently, our sources of support and revenue may be affected by conditions in that area. For the year ended December 31, 2021, approximately 33% of total revenues were received from Indiana Department of Education. For the year ended December 31, 2020, approximately 15% of total revenues were received from Family and Children’s Center, Inc. and Family and Children’s Center Foundation, Inc.

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.

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Financial instruments that expose us to concentrations of credit risk consist primarily of cash and cash equivalents and promises to give. We have cash on deposit with financial institutions that, at times, may exceed the insurance limit of the Federal Deposit Insurance Corporation and are not otherwise collateralized. At December 31, 2021 we had approximately \$1,233,000 in deposits with a financial institution that exceeded federal deposit insurance coverage. At December 31, 2021, approximately 56% and 28% of promises to give were due from Indiana Department of Education and from U.S. Department of Treasury, respectively. At December 31, 2020, approximately 72% of promises to give were due from Family and Children's Center, Inc.

BOYS AND GIRLS CLUB OF ST. JOSEPH COUNTY, INC.
SCHEDULE OF FEDERAL, STATE, AND LOCAL AWARDS
Year Ended December 31, 2021

<u>Grantor/Pass-Through Grantor/ Program/Title</u>	<u>Identifying Number</u>	<u>Beginning Balance</u>	<u>Award Received</u>	<u>Award Expended</u>	<u>Ending Balance</u>
Federal Awards					
<i>United States Department of Education:</i>					
Passed through Indiana Department of Education:					
21st Century Community Learning Centers	20542	\$ 102,941	\$ -	\$ 102,941	\$ -
21st Century Community Learning Centers	51441	-	350,000	90,347	259,653
<i>Total grant project</i>		<u>102,941</u>	<u>350,000</u>	<u>193,288</u>	<u>259,653</u>
<i>United States Department of Health and Human Services:</i>					
Passed through Indiana Housing & Community Development Authority:					
Passed through REAL Services, Inc.:					
Community Services Block Grant	n/a	-	24,000	24,000	-
<i>United States Department of Housing:</i>					
Passed through Indiana Housing & Community Development Authority:					
Passed through City of Mishawaka:	n/a	-	59,437	59,437	-
<i>United States Department of Justice:</i>					
Passed through Boys and Girls Club of America:					
Mentoring in Underserved Communities	n/a	-	20,180	20,180	-
<i>United States Department of Education:</i>					
Passed through Indiana Department of Education:					
Passed through South Bend Community School Corporation:					
Elementary and Secondary Schools					
Emergency Relief Fund	n/a	-	183,411	183,411	-
<i>Total federal awards</i>		<u>102,941</u>	<u>637,028</u>	<u>480,316</u>	<u>259,653</u>
State Awards					
<i>Indiana Department of Education:</i>					
Learning Loss Grant	54960	-	7,925,562	1,209,706	6,715,856
<i>Indiana Office of Faith Based & Community Initiatives:</i>					
Passed through Indiana Alliance of Boys & Girls Clubs of America:					
Indiana Kids	n/a	-	83,371	83,371	-
<i>Total state awards</i>		<u>-</u>	<u>8,008,933</u>	<u>1,293,077</u>	<u>6,715,856</u>
Local Awards					
School City of Mishawaka	N/A	-	18,746	18,746	-
<i>Total local awards</i>		<u>-</u>	<u>18,746</u>	<u>18,746</u>	<u>-</u>
Total federal, state, and local awards		<u>\$ 102,941</u>	<u>\$ 8,664,707</u>	<u>\$ 1,792,139</u>	<u>\$ 6,975,509</u>