



**BOYS & GIRLS CLUBS
OF FRESNO COUNTY**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2020 AND 2019**

**BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of Fresno County
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Clubs of Fresno County (the "Organization"), which comprise the statements of financial position as of September 30, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Fresno County as of September 30, 2020 and 2019, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2021, on our consideration of Boys & Girls Clubs of Fresno County'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 the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California
March 9, 2021

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 554,589	\$ 286,545
Investments	179,194	197,597
Accounts receivable	28,355	11,060
Grants receivable	333,265	243,402
Prepaid expenses	7,926	5,834
Total current assets	1,103,329	744,438
Property and equipment, net	5,294,801	3,424,319
Total assets	\$ 6,398,130	\$ 4,168,757
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 28,460	\$ 142,147
Accrued expenses	120,539	191,372
Deferred revenue	92,649	249,152
Line of credit	10,843	123,965
Total current liabilities	252,491	706,636
Paycheck protection program loan	408,397	-
Total liabilities	660,888	706,636
Net assets:		
Without donor restrictions	5,594,264	3,362,366
With donor restrictions	142,978	99,755
Total net assets	5,737,242	3,462,121
Total liabilities and net assets	\$ 6,398,130	\$ 4,168,757

See Independent Auditor's Report and Notes to the Financial Statements.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains:			
Contributions	\$ 415,516	\$ 209,100	\$ 624,616
Grants from governmental and other agencies	2,010,943	-	2,010,943
Special events, net of direct expenses of \$88,019	304,903	-	304,903
In kind donations:			
Land	1,945,000	-	1,945,000
Goods	51,623	-	51,623
Services	5,500	-	5,500
Rent	64,000	-	64,000
Rental income	-	-	-
Investment income (loss), net	6,526	-	6,526
Program fees	4,680	-	4,680
Miscellaneous	58,605	-	58,605
Total revenues, support and gains before net assets released from restrictions	4,867,296	209,100	5,076,396
Net assets released from restriction	165,877	(165,877)	-
Total revenues, support and gains after net assets released from restrictions	5,033,173	43,223	5,076,396
Costs and expenses:			
Program services	2,098,428	-	2,098,428
Management and general	513,755	-	513,755
Fundraising	189,092	-	189,092
Total costs and expenses	2,801,275	-	2,801,275
Change in net assets	2,231,898	43,223	2,275,121
Net assets, beginning of year	3,362,366	99,755	3,462,121
Net assets, end of year	\$ 5,594,264	\$ 142,978	\$ 5,737,242

See Independent Auditor's Report and Notes to the Financial Statements.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains:			
Contributions	\$ 438,939	\$ 164,312	\$ 603,251
Grants from governmental and other agencies	2,146,811	-	2,146,811
Special events, net of direct expenses of \$105,315	385,584	-	385,584
In kind donations:			
Land	-	-	-
Goods	148,946	-	148,946
Services	8,051	-	8,051
Rent	64,606	-	64,606
Rental income	11,850	-	11,850
Investment income (loss), net	(1,365)	-	(1,365)
Program fees	4,014	-	4,014
Miscellaneous	<u>21,090</u>	<u>-</u>	<u>21,090</u>
Total revenues, support and gains before net assets released from restrictions	 3,228,526	 164,312	 3,392,838
Net assets released from restriction	<u>133,338</u>	<u>(133,338)</u>	<u>-</u>
Total revenues, support and gains after net assets released from restrictions	 <u>3,361,864</u>	 <u>30,974</u>	 <u>3,392,838</u>
Costs and expenses:			
Program services	2,917,300	-	2,917,300
Management and general	576,884	-	576,884
Fundraising	<u>186,682</u>	<u>-</u>	<u>186,682</u>
Total costs and expenses	 <u>3,680,866</u>	 <u>-</u>	 <u>3,680,866</u>
Change in net assets	(319,002)	30,974	(288,028)
Net assets, beginning of year	<u>3,681,368</u>	<u>68,781</u>	<u>3,750,149</u>
Net assets, end of year	<u>\$ 3,362,366</u>	<u>\$ 99,755</u>	<u>\$ 3,462,121</u>

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 996,112	\$ 385,171	\$ 164,641	\$ 1,545,924
Payroll taxes and benefits	77,571	26,154	12,432	116,157
Workmen's compensation	25,760	9,908	3,963	39,631
Other employee benefits	144,969	9,995	-	154,964
Total personnel costs	<u>1,244,412</u>	<u>431,228</u>	<u>181,036</u>	<u>1,856,676</u>
Advertising	-	-	7,051	7,051
Alarm and security	4,546	372	-	4,918
Auto expense	12,973	1,461	135	14,569
Bank charges	-	4,529	-	4,529
Conferences, travel and field trips	47,076	2,925	-	50,001
Dues and subscriptions	13,233	-	-	13,233
Insurance	28,991	1,437	-	30,428
Interest expense	-	4,165	-	4,165
IT expense	14,744	9,208	-	23,952
Legal and accounting	-	29,142	-	29,142
Office expense	5,101	3,644	-	8,745
Postage and delivery	3,298	1,042	870	5,210
Printing and reproduction	5,279	1,074	-	6,353
Stipends and scholarships	89,570	-	-	89,570
Rents	64,000	-	-	64,000
Repairs and maintenance	48,845	2,035	-	50,880
Supplies	235,150	503	-	235,653
Property taxes and fees	2,676	-	-	2,676
Telephone	28,966	1,670	-	30,636
Utilities	74,151	-	-	74,151
Subtotal	<u>678,599</u>	<u>63,207</u>	<u>8,056</u>	<u>749,862</u>
Total expenses before depreciation	1,923,011	494,435	189,092	2,606,538
Depreciation	<u>175,417</u>	<u>19,320</u>	<u>-</u>	<u>194,737</u>
Total costs and expenses	<u>\$ 2,098,428</u>	<u>\$ 513,755</u>	<u>\$ 189,092</u>	<u>\$ 2,801,275</u>

See Independent Auditor's Report and Notes to the Financial Statements.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 1,512,710	\$ 434,772	\$ 166,481	\$ 2,113,963
Payroll taxes and benefits	113,258	31,608	12,411	157,277
Workmen's compensation	53,878	2,791	1,948	58,617
Other employee benefits	115,239	37,404	2,971	155,614
Total personnel costs	<u>1,795,085</u>	<u>506,575</u>	<u>183,811</u>	<u>2,485,471</u>
Advertising	3,000	-	1,811	4,811
Alarm and security	4,603	-	-	4,603
Auto expense	27,417	1,860	-	29,277
Bank charges	4,291	760	760	5,811
Conferences, travel and field trips	115,450	9,842	-	125,292
Dues and subscriptions	13,233	-	-	13,233
Insurance	37,910	5,580	-	43,490
Interest expense	7,868	6,189	-	14,057
IT expense	-	-	-	-
Legal and accounting	-	25,779	-	25,779
Office expense	3,772	3,863	-	7,635
Postage and delivery	4,540	-	300	4,840
Printing and reproduction	5,782	973	-	6,755
Stipends and scholarships	101,502	-	-	101,502
Rents	64,606	-	-	64,606
Repairs and maintenance	37,064	-	-	37,064
Supplies	371,067	3,761	-	374,828
Property taxes and fees	2,474	-	-	2,474
Telephone	31,286	425	-	31,711
Utilities	94,642	-	-	94,642
Subtotal	<u>930,507</u>	<u>59,032</u>	<u>2,871</u>	<u>992,410</u>
Total expenses before depreciation	2,725,592	565,607	186,682	3,477,881
Depreciation	191,708	11,277	-	202,985
Total costs and expenses	<u>\$ 2,917,300</u>	<u>\$ 576,884</u>	<u>\$ 186,682</u>	<u>\$ 3,680,866</u>

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ 2,275,121	\$ (288,028)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	194,737	202,985
(Gain) loss on disposal of assets	(500)	(400)
Donated assets	(1,945,000)	-
Unrealized (gain) loss on investments	(306)	11,354
Changes in operating assets and liabilities:		
Accounts receivable	(17,295)	4,107
Grants receivable	(89,863)	71,598
Prepaid expenses	(2,092)	2,261
Accounts payable	(113,687)	32,032
Accrued expenses	(70,833)	7,602
Deferred revenue	(156,503)	81,534
Net cash provided by (used in) operating activities	73,779	125,045
Cash flows from investing activities:		
Purchase of fixed assets	(120,219)	(85,484)
Proceeds from sale of fixed assets	500	400
Purchase of investments	(6,291)	(8,748)
Proceeds from sale of investments	25,000	43,000
Net cash provided by (used in) investing activities	(101,010)	(50,832)
Cash flows from financing activities:		
Advances from line of credit	190,000	221,965
Principal payments on line of credit	(303,122)	(98,000)
Proceeds from paycheck protection program loan	408,397	-
Net cash provided by (used in) financing activities	295,275	123,965
Increase (decrease) in cash	268,044	198,178
Cash and cash equivalents, beginning of year	286,545	88,367
Cash and cash equivalents, end of year	\$ 554,589	\$ 286,545
 Supplemental Disclosure of Cash Flow Information:		
Non-cash investing activities:		
In-kind contributions of property and equipment	\$ 1,945,000	\$ -
Interest paid	\$ 4,165	\$ 6,189

See Independent Auditor's Report and Notes to the Financial Statements.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND OPERATIONS

Boys & Girls Clubs of Fresno County (the “Organization”) is a not-for-profit organization formed in 1949 for the purpose of serving youth through the offering of the following core services at its various locations: cultural enrichment, health and physical education, social recreation, citizenship and leadership development, personal and educational development, and outdoor and environmental education. The Organization is primarily supported by contributions from the general public, grants from federal agencies and private organizations, investment earnings and special fundraising events.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization’s financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Adoption of New Accounting Pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The accounting standards update has been applied retrospectively to all periods presented. The Organization has adjusted the presentation of these statements accordingly.

The Organization elected to early adopt the provisions of FASB Accounting Standards Update 2018-08, Not-for-Profit Entities: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for the year ended September 30, 2019. The provisions of this pronouncement help resolve long-standing diversity in practice in the accounting for grants and similar arrangements. The amendments of this provision better clarifies the accounting treatment for exchange and non-exchange transactions and also addresses the classification of certain grants.

The Organization receives substantial grants from private foundations as well as governmental agencies. The amendments of this provision allow the Organization to provide clarity as to how certain grants should be accounted for and reported to the funders. The Organization has elected to early implement the provisions of this amendment as it better represents the grant activities that the Organization is engaged in. The pronouncement states that these provisions should only be applied to the portion of revenue or expense that has not yet been recognized before the effective date in accordance with the current guidance. As the provisions of this pronouncement is applied on a modified prospective basis, there were no prior-period adjustments.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

The Organization reports gifts of goods and equipment as without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Goods and Services

Donated in-kind gifts are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets. Donated services are recognized as contributions if they 1) significantly enhance non-financial assets or 2) involve a specialized service that would otherwise have been purchased and whose values can be objectively measured.

A substantial number of volunteers have donated their time to the Organization’s program services and fund-raising campaigns during the year. However, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services are reflected in the statement of activities at their fair value. The Organization recognized \$5,500 and \$8,051 in donated services for the years ended September 30, 2020 and 2019, respectively.

Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or assets. The Organization received donated assets of \$1,945,000 and \$0 for the years ended September 30, 2020 and 2019, respectively. The Organization also received in-kind support used for fundraising activities in the amounts of \$21,696 and \$75,006 for the years ended September 30, 2020 and 2019, respectively.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (Continued)

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services, facilities or supplies of a similar type. In-kind contributions and expenses are recorded when used in the program and are not carried forward. In-kind contributions consisting of donated materials and facilities were \$93,927 and \$203,151 for the years ended September 30, 2020 and 2019, respectively, and were recorded at fair value on the date of the donation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in various demand and interest-bearing accounts on deposit with insured financial and brokerage institutions. The Organization considers all investments with an original maturity of three months or less to be cash equivalents. Throughout the year and at year-end, the Organization's cash balances were deposited in several banks. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investment securities are stated at their estimated fair value based on quoted closing prices. Investment income, including unrealized and realized gains and losses, interest, dividends and related items, is recognized in the statement of activities as it is incurred.

Fair Value of Financial Instruments

The Organization considers its cash and cash equivalents, accounts and grants receivable, prepaid expenses, accounts payable and accrued expense to be short-term in nature, and therefore their fair values approximate their carrying values.

Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful accounts based upon management's review and analysis of specific receivables and considers the age of past due amounts. Accounts and Grants Receivable are written-off when deemed uncollectible. Recoveries of Accounts and Grants Receivable previously written-off or changes in allowance estimates are recognized as income when received or recorded. Based on management's review and analysis of its receivables, an allowance account was not deemed necessary for the years ended September 30, 2020 and 2019.

Property and Equipment

Property and equipment are stated at cost, or if donated, at the fair value at the date of donation. All assets acquired by the Organization whose initial value or cost exceeds \$1,500 are capitalized and depreciated. Routine repairs and maintenance, including planning major maintenance activities are expensed when incurred. Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	7-75 years
Equipment	5-12 years
Furniture and fixtures	7 years
Automobiles	5 years

**BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan

The pension plan covers employees who are over 24½ years old and have been employed by the Organization for six months on a full-time basis. The cost of the plan is 3% of gross salary as of each anniversary date. At September 30, 2020 and 2019, pension expenses totaled \$41,068 and \$52,315, respectively, and have been included with Other Employee Benefits in the statement of functional expenses. Contributions to the plan were in accordance with plan requirements.

Advertising Costs

The Organization expenses all advertising costs as incurred. As of September 30, 2020 and 2019, advertising costs totaled \$7,051 and \$4,811, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Functional Classification of Expenses

The costs of providing the Organization’s various charitable and general services have been summarized on a functional basis in the statement of functional expenses. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist principally of general, administrative and management costs and fundraising activities not directly allocable to program services.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries and wages	Time & Effort
Payroll taxes and benefits	Time & Effort
Workers comp	Time & Effort
Other employee benefits	Time & Effort
Bank charges	Time & Effort
Insurance	Time & Effort
Postage and delivery	Time & Effort
Printing and reproduction	Time & Effort
Depreciation	Time & Effort

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no impact on previously reported net assets at September 30, 2019.

**BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at September 30:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 554,589	\$ 286,545
Accounts and grants receivable	361,620	254,462
Investments	179,194	197,597
Total financial assets	1,095,403	738,604
Less amounts not available to be used within one year:		
Net assets with donor restrictions	142,978	99,755
Less net assets with purpose restrictions to be met in less than a year	-	-
	142,978	99,755
Financial assets available to meet general expenditures over the next twelve months	\$ 952,425	\$ 638,849

As part of the Organization’s liquidity management plan, cash in excess of daily requirements are maintained in cash and cash equivalent accounts for immediate access should those funds be needed. Funds in excess of daily cash requirements may be used to meet unexpected liquidity needs.

Additionally, the Organization maintains a \$200,000 line of credit which it could draw upon in the event of an unanticipated liquidity need. At September 30, 2020, \$190,000 was available to support the Organization’s operations.

Financial Resources

Revenues received for the Organization’s general operations from granting agencies are not sufficient to support the Organization’s present level of operations. The Organization’s operating expenses are also funded, in part, by a combination of community donations, grant activity, line of credit borrowings, special fundraising events and income earned on investment activities. The Organization received donations during the years ended September 30, 2020 and 2019 which included significant (in excess of \$5,000), non-recurring contributions from individual donors in the amount of approximately \$384,000 and \$376,000, respectively. The ability of the Organization to maintain its present level of operations is dependent upon the continuity of sufficient annual financial support from the community.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Fresno First Bank	\$ 475,794	\$ 232,586
Morgan Stanley Dean Witter	53,795	53,959
California Bank and Trust	<u>25,000</u>	<u>-</u>
Total	<u>\$ 554,589</u>	<u>\$ 286,545</u>

NOTE 5 – INVESTMENTS

Investments consisted of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Central Valley Community Foundation Investment Pool	\$ 179,194	\$ 197,597
Total	<u>\$ 179,194</u>	<u>\$ 197,597</u>

Investment income is composed of the following for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 6,942	\$ 12,891
Net realized and unrealized gain (loss)	2,272	(11,243)
Investment expense	<u>(2,688)</u>	<u>(3,013)</u>
Investment income (loss), net	<u>\$ 6,526</u>	<u>\$ (1,365)</u>

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at various banking institutions. Accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. Balances that exceeded federally insured limits as of September 30, 2020 and 2019 were \$219,386 and \$0, respectively.

The Organization maintains securities at one investment service provider. Accounts at the provider are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000. As of September 30, 2020 and 2019, investment balances did not exceed federally insured limits.

**BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 7 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value 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. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets and liabilities.

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The table below presents the balance of assets measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Instruments (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>September 30, 2020</u>				
Central Valley Community Foundation Investment Pool	\$ 179,194	\$ -	\$ 179,194	\$ -
Total	<u>\$ 179,194</u>	<u>\$ -</u>	<u>\$ 179,194</u>	<u>\$ -</u>
<u>September 30, 2019</u>				
Central Valley Community Foundation Investment Pool	\$ 197,597	\$ -	\$ 197,597	\$ -
Total	<u>\$ 197,597</u>	<u>\$ -</u>	<u>\$ 197,597</u>	<u>\$ -</u>

BOYS & GIRLS CLUBS OF FRESNO COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 8 – GRANTS RECEIVABLE

At September 30, amounts due to the Organization for expenditures that are reimbursable by the granting agency are as follows:

	<u>2020</u>	<u>2019</u>
Boys & Girls Clubs of America	\$ 13,214	\$ 14,382
California Department of Public Health	202,480	117,394
City of Fresno	-	16,408
County of Fresno	-	7,094
Fresno County Probation Department	-	13,333
Housing Authority - City of Fresno	18,731	4,766
Housing Authority - County of Fresno	60,049	15,695
Housing Authority - Sanger	8,260	2,239
Housing Authority - Yosemite Village	1,046	1,046
Mendota RAD - Housing Authority	2,375	792
Mountain Area Youth Organization	17,863	47,614
Orange Cove RAD - Housing Authority	5,320	1,330
Southeast Fresno RAD - Housing Authority	2,502	834
Viking Village RAD - Housing Authority	<u>1,425</u>	<u>475</u>
Total	<u>\$ 333,265</u>	<u>\$ 243,402</u>

NOTE 9 – PROPERTY AND EQUIPMENT, NET

At September 30, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,945,000	\$ -
Buildings	6,065,479	5,955,910
Equipment	142,606	131,956
Furniture and fixtures	42,296	42,296
Automobiles	125,934	154,766
Accumulated depreciation	<u>(3,026,514)</u>	<u>(2,860,609)</u>
Property and equipment, net	<u>\$ 5,294,801</u>	<u>\$ 3,424,319</u>

Depreciation expense amounted to \$194,737 and \$202,985 for the years ended September 30, 2020 and 2019, respectively.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
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SEPTEMBER 30, 2020 AND 2019

NOTE 10 – DEFERRED REVENUE

Deferred revenue represents amounts received by the Organization from grantors and private foundations to cover the operating expenses for particular programs. The Organization considers these grants to be conditional contributions and recognizes revenue when the conditions of the grants are satisfied. At September 30, deferred revenue consisted of the following:

	<u>2020</u>	<u>2019</u>
Auction	\$ 3,500	\$ 42,400
Bank of America	22,500	-
BGCA	1,000	-
Central Valley Community Foundation - Teen Pregnancy	-	3,750
Comcast - My Future	-	12,833
Chevron	11,665	10,500
City of Sanger	-	26,249
Ford Motor Company	-	21,000
Housing Authority - Mendota	-	7,000
Law Enforcement Grant	-	27,500
Michael Phelps Foundation	3,000	-
Selma	13,485	63,234
Taco Bell Grant	37,499	25,375
The Wonderful Co	-	9,311
Total deferred revenue	<u>\$ 92,649</u>	<u>\$ 249,152</u>

NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2020, the Organization received a Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$408,397. Principal and interest at 1.00% are payable monthly beginning after forgiveness is granted. Interest accrues between the date of disbursement and forgiveness on the amount of the loan that is not forgiven.

The SBA PPP is a federal loan program designed to assist entities in sustaining their operations during the COVID-19 pandemic, described below in Note 17. The loan is forgivable if used for eligible costs, including payroll costs, rent payments and others. Specific criteria must be met under the program guidelines for the loan to be forgiven. The Organization has not yet determined the total amount that may be forgiven or owed, if any, under this program. As such, the entire amount of \$408,397 has been recognized as a note payable on the statement of financial position for the year ended September 30, 2020.

**BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 12 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions at September 30 2020 and 2019 are available for the following purposes:

	2020	2019
Club operations	\$ 122,290	\$ -
Renovations and repairs	20,688	99,755
	\$ 142,978	\$ 99,755

Net assets are released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as described in Note 2.

NOTE 13 – OPERATING LEASES

The Organization conducts the operations of the East Fresno Boys & Girls Clubs from a facility that is leased under a twenty-five-year operating lease which commenced on February 1, 2008. Total annual lease payments under this lease are \$1. There is an option to continue the lease on a month-to-month basis after the lease term expires. The Organization receives a donation of rent for the use of the facilities for the Zimmerman Club location. The donated rent was valued at \$64,000 and \$64,606 for the years ended September 30, 2020 and 2019, respectively.

NOTE 14 – LINE OF CREDIT

In September 2018, the Organization entered into an agreement with Fresno First Bank for access to a revolving line of credit. Advances under the agreement cannot exceed \$200,000. Advances on the line of credit bear interest at 7.00%. The line of credit is secured by substantially all of the Organization's assets. The line of credit expires on October 5, 2021. There were draws on the line of credit of approximately \$190,000 and \$222,000 for the years ended September 30, 2020 and 2019, respectively. Principal payments on the line of credit were \$303,122 and \$98,000 for the years ended September 30, 2020 and 2019, respectively. The balance owed on the line of credit was \$10,843 and \$123,965 at September 30, 2020 and 2019, respectively.

NOTE 15 – TAXES

The Organization qualifies as a not-for-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

Generally accepted accounting principles provides accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 16 – CONTINGENCIES

Boys & Girls Club of Fresno County has received revenue for specific purposes that is subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 17 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 outbreak in the United States of America a national emergency. Further, on March 19, 2020, the governor of the State of California issued a statewide Stay at Home Order to slow the spread of COVID-19. The Order required all individuals living in California to stay at home, except as needed to maintain continuity of the federal critical infrastructure sectors. The ultimate financial impact on the Organization that could occur as a result of the pandemic is unknown at this time.

NOTE 18 – SUBSEQUENT EVENTS

Ground Lease

On August 31, 2020, the Organization entered into a ground lease agreement with Cook Land Company for the construction and use of a parking lot on a parcel of land owned by the Organization. The Organization will receive monthly lease payments of \$11,346 commencing March 1, 2021, with a 2% increase each year thereafter. The term of the lease is 20 years with a purchase option available after the tenth year of the lease.

Paycheck Protection Program Loan

On February 26, 2021, the Organization received confirmation of the forgiveness of the Paycheck Protection Program loan. The entire amount of \$408,397 is forgiven and considered paid in full. The entire amount will be recognized as income in the year ending September 30, 2021.

Other

Management has evaluated and concluded that there were no other subsequent events that have occurred from September 30, 2020 through the date the financial statements were available to be issued at March 9, 2021 that would require disclosure or adjustment.

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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
Boys & Girls Clubs of Fresno County
Fresno, California

We have audited, in accordance with the 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 Boys & Girls Clubs of Fresno County (the "Organization"), which comprise the statement of financial position as of September 30, 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 March 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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.

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Clovis, CA 93611

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California
March 9, 2021

**BOYS & GIRLS CLUBS OF FRESNO COUNTY
 (A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ X _____	No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ X _____	None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

**BOYS & GIRLS CLUBS OF FRESNO COUNTY
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL STATEMENT FINDINGS

None noted.