

BOYS & GIRLS CLUBS OF FRESNO COUNTY
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

BOYS & GIRLS CLUBS OF FRESNO COUNTY
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9 – 22
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	23 – 24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	25
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	26



Moore Grider & Company LLP

Certified Public Accountants

*A Partnership Including
Accountancy Corporations*

INDEPENDENT AUDITORS' REPORT

Thomas L. Bell, C.P.A.
Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A., C.F.E.
Accountancy Corporation

Pamela J. Gallemore, C.P.A.
Accountancy Corporation

Karl L. Noyes, C.P.A.
Accountancy Corporation

Cory J. Bell, C.P.A.

Aaron C. Studt, C.P.A.

Kendall K. Wheeler, C.P.A.

Carrie M. Wiebe, C.P.A., C.F.E.
Accountancy Corporation

Lisa Brown, C.P.A., C.F.E.
Accountancy Corporation

Richard L. Holland, C.P.A.

Tom Collins, C.P.A.
Accountancy Corporation

Ginger A. Lozano, C.P.A.

Abel M. Cabello, E.A.

Kelli D. Steele, C.P.A.

Stalin Hernandez, C.P.A.

Michiko Rosenthal, C.P.A.

Shaina M. Miracle, C.P.A.

Kirsten Years, C.P.A.

Franklin Daniel, C.P.A.

L. Jerome Moore, C.P.A.
1923-2016

Robert E. Grider, C.P.A.
Retired

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, which comprise the statement of financial position as of September 30, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditors' 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 entity'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 entity'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.

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, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2022, 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.

Prior Period Financial Statements

The financial statements of Boys & Girls Clubs of Fresno County as of September 30, 2020, were audited by other auditors whose report dated March 9, 2021, expressed an unmodified opinion on those statements.

Moore Grider & Company LLP

Fresno, California
April 22, 2022

BOYS & GIRLS CLUBS OF FRESNO COUNTY

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 996,842	\$ 554,589
Investments (Note 4)	221,090	179,194
Accounts receivable	59,569	28,355
Receivable - employee retention credits (Note 6)	224,549	0
Grants receivable (Note 7)	422,065	333,265
Prepaid expenses	<u>68,649</u>	<u>7,926</u>
TOTAL CURRENT ASSETS	1,992,764	1,103,329
PROPERTY AND EQUIPMENT , net of accumulated depreciation (Note 8)	<u>5,144,969</u>	<u>5,294,801</u>
TOTAL ASSETS	<u>\$ 7,137,733</u>	<u>\$ 6,398,130</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 69,529	\$ 28,460
Accrued expenses	198,211	120,539
Deferred revenue (Note 9)	66,974	92,649
Line of credit (Note 13)	0	10,843
Refundable advance - PPP Loan (Note 10)	<u>437,130</u>	<u>408,397</u>
TOTAL CURRENT LIABILITIES	<u>771,844</u>	<u>660,888</u>
NET ASSETS		
Without donor restrictions	6,247,934	5,594,264
With donor restrictions (Note 11)	<u>117,955</u>	<u>142,978</u>
TOTAL NET ASSETS	<u>6,365,889</u>	<u>5,737,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,137,733</u>	<u>\$ 6,398,130</u>

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUBS OF FRESNO COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, SUPPORT AND GAINS			
Contributions	\$ 614,109	\$ 88,870	\$ 702,979
Grants from governmental and other agencies	1,967,322	26,862	1,994,184
Special events, net of direct expenses of \$5,222	406,560	0	406,560
In-kind contributions (Note 1):			
Land	0	0	0
Goods	42,767	0	42,767
Services	1,525	0	1,525
Rent	64,000	0	64,000
Rental income	89,788	0	89,788
Loss on disposal of assets	(760)	0	(760)
Investment income, net (Note 4)	40,647	0	40,647
Program fees	930	0	930
PPP loan forgiveness (Note 10)	408,397	0	408,397
Employee retention credits (Note 6)	224,549	0	224,549
Miscellaneous	5,717	0	5,717
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES, SUPPORT AND GAINS	3,865,551	115,732	3,981,283
Net assets released from restriction	140,755	(140,755)	0
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES, SUPPORT AND GAINS AFTER NET ASSETS RELEASED FROM RESTRICTIONS	4,006,306	(25,023)	3,981,283
	<hr/>	<hr/>	<hr/>
COSTS AND EXPENSES			
Program services	2,667,063	0	2,667,063
Management and general	377,755	0	377,755
Fundraising	307,818	0	307,818
	<hr/>	<hr/>	<hr/>
TOTAL COSTS AND EXPENSES	3,352,636	0	3,352,636
	<hr/>	<hr/>	<hr/>
Change in net assets	653,670	(25,023)	628,647
NET ASSETS, beginning of year	5,594,264	142,978	5,737,242
	<hr/>	<hr/>	<hr/>
NET ASSETS, end of year	\$ 6,247,934	\$ 117,955	\$ 6,365,889
	<hr/>	<hr/>	<hr/>

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUBS OF FRESNO COUNTY

STATEMENT OF ACTIVITIES

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	0	2,010,943
Special events, net of direct expenses of \$39,392	304,903	0	304,903
In-kind contributions (Note 1):			
Land	1,945,000	0	1,945,000
Goods	51,623	0	51,623
Services	5,500	0	5,500
Rent	64,000	0	64,000
Investment income, net (Note 4)	6,526	0	6,526
Program fees	4,680	0	4,680
Miscellaneous	<u>58,605</u>	<u>0</u>	<u>58,605</u>
TOTAL REVENUES, SUPPORT AND GAINS	4,867,296	209,100	5,076,396
Net assets released from restriction	<u>165,877</u>	<u>(165,877)</u>	<u>0</u>
TOTAL REVENUES, SUPPORT AND GAINS AFTER NET ASSETS RELEASED FROM RESTRICTIONS	<u>5,033,173</u>	<u>43,223</u>	<u>5,076,396</u>
COSTS AND EXPENSES			
Program services	2,098,428	0	2,098,428
Management and general	513,755	0	513,755
Fundraising	<u>189,092</u>	<u>0</u>	<u>189,092</u>
TOTAL COSTS AND EXPENSES	<u>2,801,275</u>	<u>0</u>	<u>2,801,275</u>
Change in net assets	2,231,898	43,223	2,275,121
NET ASSETS, beginning of year	<u>3,362,366</u>	<u>99,755</u>	<u>3,462,121</u>
NET ASSETS, end of year	<u>\$ 5,594,264</u>	<u>\$ 142,978</u>	<u>\$ 5,737,242</u>

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUBS OF FRESNO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and wages	\$ 1,533,376	\$ 210,914	\$ 223,078	\$ 1,967,368
Payroll taxes and benefits	107,417	14,775	15,627	137,819
Workmen's compensation	22,565	3,104	3,283	28,952
Other employee benefits	131,871	18,139	19,185	169,195
TOTAL PERSONNEL COSTS	1,795,229	246,932	261,173	2,303,334
Advertising	7,036	968	1,023	9,027
Alarm and security	4,931	0	0	4,931
Auto expense	11,974	0	0	11,974
Bad debt	0	3,000	0	3,000
Bank charges	3,931	541	572	5,044
Conferences, travel and field trips	28,472	0	0	28,472
Dues and subscriptions	7,770	0	0	7,770
Insurance	37,570	5,167	5,466	48,203
Interest expense	0	3,535	0	3,535
IT expense	44,009	0	0	44,009
Legal and accounting	0	80,187	0	80,187
Office expense	10,869	1,362	1,441	13,672
Postage and delivery	3,220	443	469	4,132
Printing and reproduction	8,477	1,166	1,233	10,876
Stipends and scholarships	95,607	0	0	95,607
Rents	50,799	6,988	7,390	65,177
Repairs and maintenance	34,909	4,802	5,079	44,790
Supplies	255,040	0	0	255,040
Property taxes and fees	686	94	100	880
Telephone	16,872	2,321	2,455	21,648
Utilities	102,450	0	0	102,450
TOTAL	724,622	110,574	25,228	860,424
Total expenses before depreciation	2,519,851	357,506	286,401	3,163,758
Depreciation	147,212	20,249	21,417	188,878
TOTAL COSTS AND EXPENSES	\$ 2,667,063	\$ 377,755	\$ 307,818	\$ 3,352,636

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUBS OF FRESNO COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	<u>SUPPORTING SERVICES</u>			<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
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	<u>144,969</u>	<u>9,995</u>	<u>0</u>	<u>154,964</u>
TOTAL PERSONNEL COSTS	1,244,412	431,228	181,036	1,856,676
Advertising	0	0	7,051	7,051
Alarm and security	4,546	372	0	4,918
Auto expense	12,973	1,461	135	14,569
Bank charges	0	4,529	0	4,529
Conferences, travel and field trips	47,076	2,925	0	50,001
Dues and subscriptions	13,233	0	0	13,233
Insurance	28,991	1,437	0	30,428
Interest expense	0	4,165	0	4,165
IT expense	14,744	9,208	0	23,952
Legal and accounting	0	29,142	0	29,142
Office expense	5,101	3,644	0	8,745
Postage and delivery	3,298	1,042	870	5,210
Printing and reproduction	5,279	1,074	0	6,353
Stipends and scholarships	89,570	0	0	89,570
Rents	64,000	0	0	64,000
Repairs and maintenance	48,845	2,035	0	50,880
Supplies	235,150	503	0	235,653
Property taxes and fees	2,676	0	0	2,676
Telephone	28,966	1,670	0	30,636
Utilities	<u>74,151</u>	<u>0</u>	<u>0</u>	<u>74,151</u>
TOTAL	<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>0</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 Accompanying Notes to Financial Statements

BOYS & GIRLS CLUBS OF FRESNO COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 628,647	\$ 2,275,121
Adjustments to reconcile changes in net assets to net cash provided from operating activities:		
Depreciation	188,878	194,737
Loss (gain) on disposal of assets	760	(500)
Donated assets	0	(1,945,000)
Unrealized gain on investments	(31,894)	(306)
Forgiveness of refundable advance - PPP loan	(408,397)	0
Bad debt expense	3,000	0
Changes in operating assets and liabilities:		
Accounts receivable	(34,214)	(17,295)
Receivable - employee retention credits	(224,549)	0
Grants receivable	(88,800)	(89,863)
Prepaid expenses	(60,723)	(2,092)
Accounts payable	41,069	(113,687)
Accrued expenses	77,672	(70,833)
Deferred revenue	(25,675)	(156,503)
Refundable advance - PPP loan	<u>437,130</u>	<u>408,397</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>502,904</u>	<u>482,176</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(41,006)	(120,219)
Proceeds from sale of fixed assets	1,200	500
Purchase of investments	(12,753)	(6,291)
Proceeds from sale of investments	<u>2,751</u>	<u>25,000</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(49,808)</u>	<u>(101,010)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from line of credit	0	190,000
Principal payments on line of credit	<u>(10,843)</u>	<u>(303,122)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(10,843)</u>	<u>(113,122)</u>
INCREASE IN CASH	442,253	268,044
CASH AND CASH EQUIVALENTS, beginning of year	<u>554,589</u>	<u>286,545</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 996,842</u>	<u>\$ 554,589</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash investing activities:		
In-kind contributions of property and equipment	<u>\$ 0</u>	<u>\$ 1,945,000</u>
Interest paid	<u>\$ 3,535</u>	<u>\$ 4,165</u>

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The following are the significant accounting policies of the Organization:

Method of accounting – The financial statements are prepared using the accrual basis of accounting, in which support and revenue are recognized when earned or due and expenses are recognized when incurred.

Basis of presentation – Net assets have been classified as without donor restrictions and with donor restrictions. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Revenue recognition – The Organization’s revenue recognition policies are as follows:

Recognition of donor restrictions – Support with donor restrictions is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue was recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Restrictions on assets – Net assets with donor restrictions are reported in a separate fund as follows:

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.

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 are deposited in several banks. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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, are recognized in the statements of activities as they are incurred.

Accounts and grants receivable – Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. 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, 2021 and 2020.

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

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

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 fundraising 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 statements of activities at their fair value. The Organization recognized \$1,525 and \$5,500 in donated services for the years ended September 30, 2021 and 2020, respectively.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Donated goods and services (continued)

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 \$0 and \$1,945,000 for the years ended September 30, 2021 and 2020, respectively. The Organization also received in-kind support used for fundraising activities in the amounts of \$42,767 and \$51,623 for the years ended September 30, 2021 and 2020, respectively.

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 \$64,000 for the years ended September 30, 2021 and 2020 and were recorded at fair value on the date of the donation.

Advertising costs – The Organization expenses all advertising costs as incurred. As of September 30, 2021 and 2020, advertising costs totaled \$9,027 and \$7,051, respectively.

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 statements 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 statements of functional expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated expenses are salaries and wages, payroll taxes and benefits, workers compensation insurance, other employee benefits, bank charges, insurance, postage and delivery, printing and reproduction and depreciation which are allocated based on time and effort of employees.

Accounting 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.

This page space intentionally left blank.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income taxes – The Organization is incorporated as a non-profit California corporation and is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Tax returns are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination. Interest and penalties on tax assessments are classified as an expense when incurred. For the years ended September 30, 2021 and 2020, interest and penalties totaled \$0.

Reclassifications – Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no impact on the previously-reported change in net assets.

NOTE 2: LIQUIDITY AND AVAILABILITY

Qualitative – The Organization maintains financial assets, consisting of cash and cash equivalents, receivables, investments, and prepaid expenses to meet its ordinary operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis, and financial assets on hand are adjusted as necessary. As part of its 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, 2021 and 2020, \$200,000 and \$189,157 was available on the line of credit to support the Organization’s operations.

This page space intentionally left blank.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 2: LIQUIDITY AND AVAILABILITY (Continued)

Quantitative – The following reflects the Organization’s financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general use because of contractual restrictions within one year of the date of the statements of financial position:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 996,842	\$ 554,589
Investments	221,090	179,194
Accounts receivable	59,569	28,355
Receivable - employee retention credits	224,549	0
Grants receivable	422,065	333,265
Prepaid expenses	<u>68,649</u>	<u>7,926</u>
 Total financial assets	 1,992,764	 1,103,329
 Less those unavailable for general expenditures within one year:		
Net assets with donor restrictions	<u>(117,955)</u>	<u>(142,978)</u>
 Financial assets available to meet cash needs for general expenditures within one year		
	<u>\$ 1,874,809</u>	<u>\$ 960,351</u>

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, 2021 and 2020 which included significant (in excess of \$5,000), non-recurring contributions from individual donors in the amount of approximately \$412,364 and \$384,000, 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.

This page space intentionally left blank.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 3: CASH AND CASH EQUIVALENTS

The following is a summary of the cash and cash equivalents at September 30, 2021 and 2020:

	2021	2020
Bank of America	\$ 200,013	\$ 0
Fresno First Bank	439,804	475,794
Morgan Stanley Dean Witter	54,124	53,795
California Bank and Trust	<u>302,901</u>	<u>25,000</u>
	<u>\$ 996,842</u>	<u>\$ 554,589</u>

NOTE 4: INVESTMENTS

Investments at September 30, 2021 and 2020 are summarized as follows:

	2021	2020
Central Valley Community Foundation Investment Pool	\$ 218,690	\$ 179,194
Central Valley Community Foundation Scholarship	<u>2,400</u>	<u>0</u>
	<u>\$ 221,090</u>	<u>\$ 179,194</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended September 30, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 9,245	\$ 6,942
Net realized and unrealized gain	34,145	2,272
Investment expense	<u>(2,743)</u>	<u>(2,688)</u>
Investment income, net	<u>\$ 40,647</u>	<u>\$ 6,526</u>

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 5: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a framework for measuring fair value. That framework provides 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 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of fair value hierarchy under FASB ASC 820 are described below:

- | | |
|---------|--|
| Level 1 | Quoted prices for identical assets or liabilities traded in active markets. |
| Level 2 | Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

This page space intentionally left blank.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

The table below presents the level within the hierarchy at which assets are measured at September 30, 2021 and 2020:

	2021			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Recurring				
Central Valley Community Foundation Investment Pool	\$ 218,690	\$ 0	\$ 218,690	\$ 0
Central Valley Community Foundation Scholarship	<u>2,400</u>	<u>0</u>	<u>2,400</u>	<u>0</u>
TOTAL	<u>\$ 221,090</u>	<u>\$ 0</u>	<u>\$ 221,090</u>	<u>\$ 0</u>

	2020			
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Recurring				
Central Valley Community Foundation Investment Pool	\$ 179,194	\$ 0	\$ 179,194	\$ 0
TOTAL	<u>\$ 179,194</u>	<u>\$ 0</u>	<u>\$ 179,194</u>	<u>\$ 0</u>

NOTE 6: EMPLOYEE RETENTION CREDITS

The Employee Retention credit is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020 and before January 1, 2021. The Organization is an eligible employer as it experienced a partial suspension of its operations because of governmental orders limiting its activities due to COVID-19. The Organization has filed amended payroll tax returns to claim credits totaling \$224,549 for the second, third and fourth quarters of 2020. The amount has not yet been received as of September 30, 2021.

This page space left blank intentionally.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 7: GRANTS RECEIVABLE

At September 30, 2021 and 2020, amounts due to the Organization for expenditures that are reimbursable by the granting agency are as follows:

	2021	2020
Boys & Girls Clubs of America	\$ 67,916	\$ 13,214
California Department of Public Health	204,057	202,480
City of Fresno	13,267	0
City of Selma	9,547	0
County of Fresno	3,900	0
Fresno County Probation Department	13,333	0
Housing Authority - City of Fresno	12,661	18,731
Housing Authority - County of Fresno	46,535	60,049
Housing Authority - Mendota	1,591	0
Housing Authority - Orange Cove	1,330	0
Housing Authority - Sanger	0	8,260
Housing Authority - Southeast Fresno	917	0
Housing Authority - Viking Village Clovis	475	0
Housing Authority - Yosemite Village	0	1,046
Mendota RAD - Housing Authority	0	2,375
Mountain Area Youth Organization	18,814	17,863
Orange Cove RAD - Housing Authority	1,330	5,320
Southeast Fresno RAD - Housing Authority	917	2,502
The Wonderful Company	25,000	0
Viking Village RAD - Housing Authority	475	1,425
	<hr/>	<hr/>
TOTAL	<u>\$ 422,065</u>	<u>\$ 333,265</u>

This page space left blank intentionally.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 8: PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2021 and 2020, consist of the following:

	2021	2020
Land	\$ 1,945,000	\$ 1,945,000
Buildings	6,103,781	6,065,479
Equipment	138,082	142,606
Furniture and fixtures	42,296	42,296
Automobiles	<u>98,813</u>	<u>125,934</u>
	8,327,972	8,321,315
Accumulated depreciation	<u>(3,183,003)</u>	<u>(3,026,514)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 5,144,969</u>	<u>\$ 5,294,801</u>

Depreciation expense totaled \$188,878 and \$194,737 for the years ended September 30, 2021 and 2020, respectively.

This page space left blank intentionally.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 9: 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, 2021 and 2020, deferred revenue consists of the following:

	2021	2020
Auction	\$ 0	\$ 3,500
Bank of America Foundation	12,500	22,500
Boys & Girls Clubs of America	6,667	1,000
Chevron Products Company	0	11,665
Harvest Festival Gala	3,660	0
Kaiser Permanente	12,500	0
Michael Phelps Foundation	0	3,000
Selma Health Care District	11,250	13,485
Taco Bell Foundation	16,627	37,499
Westside Luncheon	<u>3,770</u>	<u>0</u>
	<u>\$ 66,974</u>	<u>\$ 92,649</u>

NOTE 10: REFUNDABLE ADVANCE – PPP LOAN

On April 21, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program (PPP) of \$408,397. The conditions for derecognition were not met as of September 30, 2020. In accordance with FASB ASC 958-605, the PPP loan is considered a conditional contribution and is reflected as a refundable advance on the statement of financial position as of September 30, 2020. On February 26, 2021, the Organization was granted full forgiveness of the PPP loan. As a result, the Organization recognized the full \$408,397 loan balance as PPP income in the accompanying statement of activities for the year ended September 30, 2021.

On February 16, 2021, the Organization qualified for and received another loan pursuant to the Paycheck Protection Program (PPP) of \$437,130. The conditions for derecognition were not met as of September 30, 2021. In accordance with FASB ASC 958-605, the PPP loan is considered a conditional contribution and is reflected as a refundable advance on the statement of financial position as of September 30, 2021.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2021 and 2020 are available for the following purposes:

	2021	2020
Club operations	\$ 117,955	\$ 122,290
Renovations and repairs	<u>0</u>	<u>20,688</u>
	<u>\$ 117,955</u>	<u>\$ 142,978</u>

Net assets are released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as described in Note 1.

NOTE 12: OPERATING LEASES

The Organization conducts the operations of the East Fresno location of Boys & Girls Clubs from a facility that is leased under a twenty-five-year operating lease which commenced on February 1, 2008. The 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 donated rent was valued at \$64,000 for the years ended September 30, 2021 and 2020.

NOTE 13: 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 in September 2022. There were draws on the line of credit of approximately \$0 and \$190,000 for the years ended September 30, 2021 and 2020, respectively. Principal payments on the line of credit were \$10,843 and \$303,122 for the years ended September 30, 2021 and 2020, respectively. The balance owed on the line of credit was \$0 and \$10,843 at September 30, 2021 and 2020, respectively.

This page space left blank intentionally.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 14: CONTINGENCIES

Boys & Girls Clubs 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 15: RETIREMENT PLAN

The Organization has a pension plan that covers all employees who are over 24 1/2 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, 2021 and 2020, pension expenses totaled \$48,535 and \$41,068, respectively, and have been included with employee benefits in the statements of functional expenses. Contributions to the plan were in accordance with plan requirements.

NOTE 16: CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at various banking institutions located in Fresno, California. The balances periodically exceed the FDIC limit of \$250,000. The amount in excess of the FDIC limit at Fresno First Bank as of September 30, 2021 and 2020 was \$193,600 and \$219,386, respectively. The amount in excess of the FDIC limit at California Bank and Trust as of September 30, 2021 and 2020 was \$52,901 and \$0, respectively.

The Organization maintains securities at one investment service provider. Accounts at the provider are insured by the Securities Investor Protection Corporation (“SPIC”) up to \$500,000. As of September 30, 2021 and 2020, investment balances did not exceed federal insured limits.

NOTE 17: RISKS AND UNCERTAINTIES

The Organization’s operations may be affected by the ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain. The financial impact cannot be determined at this time.

This page space left blank intentionally.
See next page for continuation of notes.

BOYS & GIRLS CLUBS OF FRESNO COUNTY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE 18: NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Organization has adopted Accounting Standards Update ASU No. 2014-09, Revenue Recognition (Topic 606) *Revenue from Contracts with Customers*. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this accounting standard for the year ended September 30, 2021 did not have an impact on the Organization's financial position or changes in its net assets.

NOTE 19: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 22, 2022 (date financial statements available to be issued) and determined no events have occurred subsequent to September 30, 2021 that would require adjustment to, or disclosure in the financial statements.



Moore Grider & Company LLP
Certified Public Accountants

A Partnership Including
Accountancy Corporations

- Denise S. Hurst, C.P.A.
- Kenneth J. Labendeira, C.P.A., C.F.E.
Accountancy Corporation
- Pamela J. Gallemore, C.P.A.
Accountancy Corporation
- Karl L. Noyes, C.P.A.
Accountancy Corporation
- Cory J. Bell, C.P.A.
- Aaron C. Studt, C.P.A.
- Kendall K. Wheeler, C.P.A.
- Carrie M. Wiebe, C.P.A., C.F.E.
Accountancy Corporation
- Lisa Brown, C.P.A., C.F.E.
Accountancy Corporation
- Richard L. Holland, C.P.A.
- Thomas L. Bell, C.P.A.
Accountancy Corporation
- Tom Collins, C.P.A.
Accountancy Corporation
- Ginger A. Lozano, C.P.A.
- Robert G. Rose, C.P.A.

- Abel M. Cabello, E.A.

- Kelli D. Steele, C.P.A.
- Stalin Hernandez, C.P.A.
- Michiko Rosenthal, C.P.A.
- Shaina M. Miracle, C.P.A.
- Kirsten Years, C.P.A.
- Franklin Daniel, C.P.A.
- Steve Thapar, C.P.A.
- Christina R. Thompson, C.P.A.

- L. Jerome Moore, C.P.A.
1923-2016
- Robert E. Grider, C.P.A.
Retired

**INDEPENDENT AUDITORS’ 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, 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, and have issued our report thereon dated April 22, 2022.

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 entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Moore Grider & Company LLP

Fresno, California
April 22, 2022

BOYS & GIRLS CLUBS OF FRESNO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|--|--------------------|
| ▪ Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified opinion |
| ▪ Internal control over financial reporting: | |
| Material weakness identified: | No |
| Significant deficiencies identified: | None reported |
| ▪ Noncompliance material to the financial statements noted: | No |

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT None

BOYS & GIRLS CLUBS OF FRESNO COUNTY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FINANCIAL STATEMENT FINDINGS

None noted.