

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Boys and Girls Club of Tulare County, Inc.
Exeter, California

Report on the Financial Statements

We have audited the accompanying financial statements of Boys and Girls Club of Tulare County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 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 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 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 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 and Girls Club of Tulare County, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter - Recent Accounting Pronouncements Adopted

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, Boys and Girls Club of Tulare County, Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Not-for-Profit Entities (Topic 606) - Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Other Matters

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022, on our consideration of Boys and Girls of Tulare County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys and Girls Club of Tulare County, Inc.'s internal control over financial reporting and compliance.



Visalia, California
March 11, 2022

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 845,876	\$ 1,036,600
Accounts Receivable	13,011	561
Grants Receivable	362,745	89,788
Prepaid Expenses	3,000	3,000
Inventory - Food	<u>14,344</u>	<u>15,960</u>
Total Current Assets	<u>1,238,976</u>	<u>1,145,909</u>
PROPERTY AND EQUIPMENT, NET	<u>1,190,749</u>	<u>1,237,679</u>
OTHER ASSETS		
Cash Restricted for Future Club Improvements and Strathmore Operations	<u>66,586</u>	<u>66,586</u>
Total Other Assets	<u>66,586</u>	<u>66,586</u>
TOTAL ASSETS	<u><u>\$ 2,496,311</u></u>	<u><u>\$ 2,450,174</u></u>

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 24,153	\$ 5,781
Credit Cards Payable	7,275	7,119
Accrued Payroll	45,076	42,634
Compensated Absences	10,410	19,458
Payroll Taxes Payable	3,372	24,896
Customer Deposits	3,675	4,125
Deferred Revenue	-	52,638
Notes Payable, Current Portion	6,701	6,534
Total Current Liabilities	100,662	163,185
LONG-TERM LIABILITIES		
SBA Paycheck Protection Program Loan	-	253,000
Notes Payable, Net of Current Portion	281,379	288,189
TOTAL LIABILITIES	382,041	704,374
NET ASSETS		
With Donor Restrictions		
Purpose Restricted	3,511	4,218
Without Donor Restrictions		
Unrestricted	2,110,759	1,741,582
Total Net Assets	2,114,270	1,745,800
TOTAL LIABILITIES AND NET ASSETS	\$ 2,496,311	\$ 2,450,174

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Unrestricted	Donor Restricted	Total	Unrestricted	Donor Restricted	Total
SUPPORT, REVENUES, AND RECLASSIFICATIONS						
Contributions	\$ 448,368	\$ 25,045	\$ 473,413	\$ 365,027	\$ -	\$ 365,027
Legacies and Bequests	2,275	-	2,275	890	-	890
In-Kind Contributions	364,063	-	364,063	674,933	-	674,933
Grants	212,213	-	212,213	391,992	-	391,992
Program Income	856,888	-	856,888	777,091	-	777,091
Fundraisers	276,723	-	276,723	349,307	-	349,307
Membership Dues	5,410	-	5,410	6,780	-	6,780
Rent Income	2,120	-	2,120	39,522	-	39,522
Interest Income	1,787	-	1,787	5,699	-	5,699
SBA Paycheck Protection Program Loan Forgiveness	253,000	-	253,000	-	-	-
Miscellaneous Income	8,214	-	8,214	3,879	-	3,879
TOTAL SUPPORT AND REVENUE	2,431,061	25,045	2,456,106	2,615,120	-	2,615,120
NET ASSETS RELEASED FROM RESTRICTIONS	25,752	(25,752)	-	58,974	(58,974)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	2,456,813	(707)	2,456,106	2,674,094	(58,974)	2,615,120
EXPENSES						
Program	1,559,880	-	1,559,880	2,220,449	-	2,220,449
Support Services:						
Management and General	313,336	-	313,336	302,102	-	302,102
Fundraising	214,420	-	214,420	213,934	-	213,934
TOTAL EXPENSES	2,087,636	-	2,087,636	2,736,485	-	2,736,485
CHANGE IN NET ASSETS	369,177	(707)	368,470	(62,391)	(58,974)	(121,365)
NET ASSETS, Beginning of the Period	1,741,582	4,218	1,745,800	1,803,973	63,192	1,867,165
NET ASSETS, End of the Period	\$ 2,110,759	\$ 3,511	\$ 2,114,270	\$ 1,741,582	\$ 4,218	\$ 1,745,800

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020				
	Club		Support Services		Club		Support Services		
	Activities	Management and General	Fundraising	Sub-Total	Activities	Management and General	Fundraising	Sub-Total	
Salaries and Wages	\$ 704,068	\$ 209,477	\$ 106,271	\$ 315,748	\$ 959,482	\$ 212,255	\$ 91,345	\$ 303,600	\$ 1,263,082
Automobile	3,125	754	-	754	4,174	1,098	-	1,098	5,272
Bad Debt	-	-	-	-	(101)	-	-	-	(101)
Bank Service Charges	-	-	6,475	6,475	-	-	8,084	8,084	8,084
Staff Development	8,192	-	-	-	-	10,973	-	10,973	10,973
Copier and Maintenance Contracts	2,770	-	2,305	2,305	3,569	2,208	-	2,208	5,777
Dues, Subscriptions and Fees	5,087	2,300	5,087	7,387	8,681	4,447	452	4,899	13,580
Employee Benefits	10,120	29,500	13,528	43,028	25,418	13,870	7,483	21,353	46,771
Fundraising Expense	-	-	50,243	50,243	-	-	69,160	69,160	69,160
Insurance	10,118	39,458	1,527	40,985	50,968	12,211	1,953	14,164	65,132
Interest	8,337	-	-	-	9,358	-	-	-	9,358
Marketing	15,857	-	15,857	15,857	24,039	-	24,039	24,039	48,078
Meetings	1,191	-	-	-	2,314	218	191	409	2,723
Miscellaneous	2,121	-	-	-	-	737	-	737	737
Program Supplies	94,015	-	-	-	73,430	-	-	-	73,430
Payroll Taxes	66,212	19,700	9,994	29,694	102,165	22,537	8,622	31,159	133,324
Penalties and Fines	-	65	-	65	-	7,473	-	7,473	7,473
Postage and Office Supplies	-	1,400	1,595	2,995	496	1,479	1,478	2,957	3,453
Professional Fees	-	8,000	-	8,000	-	8,000	-	8,000	8,000
Program and Office Expense	15,500	1,530	1,538	3,068	38,224	1,768	1,127	2,895	41,119
Program Food Supplies	54,804	-	-	-	81,953	-	-	-	81,953
Property Taxes	-	102	-	102	-	123	-	123	123
Rent	358,854	-	-	-	671,614	-	-	-	671,614
Repairs and Maintenance	56,888	-	-	-	44,951	-	-	-	44,951
Utilities	59,561	-	-	-	40,985	-	-	-	40,985
Telephone	15,611	1,050	-	1,050	12,324	2,705	-	2,705	15,029
Travel	5,208	-	-	-	1,784	-	-	-	1,784
Depreciation Expense	62,241	-	-	-	64,621	-	-	-	64,621
TOTAL EXPENSES	\$ 1,559,880	\$ 313,336	\$ 214,420	\$ 527,756	\$ 2,220,449	\$ 302,102	\$ 213,934	\$ 516,036	\$ 2,736,485

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 368,470	\$ (121,365)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities:		
Depreciation	62,241	64,621
SBA Paycheck Protection Program Loan Forgiveness	(253,000)	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(12,450)	(150)
Grants Receivable	(272,957)	8,163
Inventory	1,616	9,509
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	18,372	(536)
Credit Cards Payable	156	(23,750)
Accrued Payroll	2,442	1,777
Compensated Absences	(9,048)	3,762
Payroll Taxes Payable	(21,524)	716
Customer Deposits	(450)	1,045
Accrued Expenses	-	(2,875)
Deferred Revenue	(52,638)	49,938
	(168,770)	(9,145)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Property, Plant and Equipment	(15,311)	-
	(15,311)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from SBA Paycheck Protection Program Loan	-	253,000
Repayments on Long-Term Debt	(6,643)	(6,865)
	(6,643)	246,135

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	\$ (190,724)	\$ 236,990
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>1,103,186</u>	<u>866,196</u>
CASH , CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ <u>912,462</u>	\$ <u>1,103,186</u>
 SUPPLEMENTARY INFORMATION		
Interest Paid	<u>\$ 8,337</u>	<u>\$ 9,358</u>
 Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ 15,311	\$ -
Less Financed Acquisitions	<u>-</u>	<u>-</u>
Net Cash Paid for Property and Equipment	<u>\$ 15,311</u>	<u>\$ -</u>

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

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Nature of Activities

Boys and Girls Club of Tulare County, Inc. (the Organization) was established as a nonprofit organization in 1997 in California. The Organization's purpose is to provide behavior guidance and to promote health, social, educational, vocational and character development of boys and girls, 6-18 years of age, without regard for race, color, creed, or national origin and to operate one or more club sites for program activities and services. Currently the Organization provides program services to over 1,200 children a day in the following California locations: Visalia, Tulare, Ivanhoe, Exeter, Farmersville, Porterville, and Tipton.

The Organization is funded through donations, grants, program services, and fundraising activities. Children are encouraged to participate in the Organization's programs which are generally offered after school under the guidance of its affiliate organization "The Boys and Girls Club of America".

The Organization conducts its affairs under the management of a Board of Directors, a salaried executive director, paid personnel and numerous unpaid volunteers.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances in multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The amount on deposit exceeded the \$250,000 insured limit per account by approximately \$28,978 and \$15,593 on June 30, 2021 and 2020, respectively.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

Accounts and Grants Receivable

The Organization considers accounts and grants receivable to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged against operations when that determination is made.

Inventory

Inventory is stated at the lower of cost or net realizable value using the average cost method and consists primarily of food used for the summer food service program.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less an allowance for depreciation computed by use of the straight-line method over the estimated useful lives of the assets. The estimated useful life ranges from 3-39 years depending upon the type of asset. Generally, all property and equipment acquisitions of \$1,000 or more are capitalized.

Depreciation expense for the years ended June 30, 2021 and 2020 was \$62,241 and \$64,621, respectively. Any property and equipment sold or disposed of are removed from the books of the Organization along with the corresponding accumulated depreciation, and any gain or loss is recognized in the year of sale or disposition.

Accumulated Vacation and Sick Leave

Accumulated unpaid employee vacation benefits are recognized as current liabilities of the Organization. According to Organization policy, unused sick leave is lost at the fiscal year end and is therefore not recognized as current liabilities of the Organization.

Net Assets

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes of the Organization at the discretion of the Board of Directors.

Donor Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions than can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statement of financial position. The Organization received cost-reimbursable grants of \$83,525 and \$127,391 that have not been recognized at June 30, 2021 and 2020, respectively.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions. Donations of cash are reported as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donations of services and supplies which was valued at \$364,063 and \$674,933 during the years ended June 30, 2021 and 2020, respectively. These amounts have been reported as both in-kind contribution revenue on the statement of activities and rent and advertising expense on the statement of functional expenses. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization has received an exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, the Organization has made no provision for income taxes in the accompanying financial statements.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, and utilities, which are allocated on a square footage basis of the sites; meetings, education and training, office supplies, which are allocated based on full-time equivalents; and salaries and wages and employee benefits and payroll taxes, which are allocated on the basis of time sheets supporting actual time and effort and technology which is based on the number of computers at the sites.

Advertising Cost

It is the policy of the Organization to expense advertising costs as incurred. Advertising costs for the years ended June 30, 2021 and 2020 was \$31,714 and \$48,078 respectively.

Recent Accounting Pronouncement Adopted

During the year ended June 30, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Not-for-Profit Entities (Topic 606) - Revenue from Contracts with Customers* and all related amendments. This update eliminates the transaction and industry-specific revenue recognition guidance and replaces it with a principle-based approach for determining revenue recognition. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of 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. There was no effect on the financial statements for the years ending June 30, 2021 or 2020.

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 11, 2022, the date the financial statements were available to be issued.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows as of June 30, :

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 845,876	\$ 1,036,600
Restricted Cash:		
Strathmore Club	\$ 61,006	61,006
Porterville Club	<u>5,580</u>	<u>5,580</u>
	<u>66,586</u>	<u>66,586</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 912,462</u>	<u>\$ 1,103,186</u>

3. Grants Receivable

The Organization's grants receivable consisted of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Office of Justice Programs	\$ 19,223	\$ 11,269
Community Development Block Grant, Farmersville	30,791	74,149
USDA Child & Adult Care Food Program	37,496	2,301
USDA Summer Food Service Program	3,089	569
United States Treasury - ERC Refund	272,146	-
Wal-Mart	<u>-</u>	<u>1,500</u>
	<u>\$ 362,745</u>	<u>\$ 89,788</u>

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. Property and Equipment

Property and equipment consisted of the following:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Furnishings and Equipment	\$ 256,310	\$ 15,311	\$ -	\$ 271,621
Transportation Equipment	25,097	-	-	25,097
Buildings and Improvements	1,444,782	-	-	1,444,782
Leasehold Improvements	258,270	-	-	258,270
Land	273,084	-	-	273,084
Total	2,257,543	\$ 15,311	\$ -	2,272,854
Accumulated Depreciation	1,019,864	\$ 62,241	\$ -	1,082,105
Net Property and Equipment	<u>\$ 1,237,679</u>			<u>\$ 1,190,749</u>

5. SBA Paycheck Protection Program Loan

On May 11, 2020, the Organization was granted a loan (the "loan") from Citizens Business Bank in the amount of \$253,000, pursuant to the U.S. Small Business Administration (the "SBA") Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The SBA PPP Loan, which was in the form of a note dated May 11, 2020 issued by Citizens Business Bank, matures on May 11, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 11, 2020. The note may be prepaid at any time prior to the maturity with no prepayment penalties. Under the terms of the PPP, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to use the entire loan amount for qualifying expenses prior to the date the first payment is due.

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. SBA Paycheck Protection Program Loan (Continued)

On October 7, 2020 the Small Business Administration (SBA) in consultation with the Department of Treasury (DOT) issued new guidance on the payment deferral period for Paycheck Protection Program (PPP) loans. Based on that new guidance, the PPP loan payment deferral period which was set for originally six (6) months from the date of the Note is now hereby automatically extended to either: (i) the date that the SBA remits the PPP borrower's loan forgiveness to Suncrest Bank (whether partial or full), or (ii) if the Organization does not apply for PPP loan forgiveness, ten (10) months after the end of your applicable PPP loan forgiveness covered period (which is either 8 weeks or 24 weeks from the date of the PPP loan funding, depending on the applicable covered period the Organization elects to choose), ("Extended Deferral Period").

The Organization received notice that their application for forgiveness of their SBA PPP Loan had been forgiven. The loan forgiveness payment date was June 4, 2021.

6. Notes Payable

Notes Payable consists of the following at June 30,:

	2021	2020
Note Payable - City of Exeter, balloon payment of \$90,000 due upon maturity including interest at 0% per annum. Loan is unsecured and matures February 6, 2028. The Organization negotiated with the City of Exeter whereas the loan is only due if they sell the building.	\$ 90,000	\$ 90,000
Note Payable - Valley Business Bank, secured by a deed of trust. Monthly payments of \$1,247.95 including interest at 4.00% beginning November 1, 2016. Loan matures October 11, 2026.	198,080	204,723
Subtotal	288,080	294,723
Less Current Portion	6,701	6,534
LONG-TERM PORTION	\$ 281,379	\$ 288,189

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. Notes Payable (Continued)

Scheduled principal repayments of long-term debt for the next five years are as follows:

2022	\$	6,701
2023		6,976
2024		7,243
2025		7,564
2026 and Thereafter		<u>259,596</u>
 TOTAL	 \$	 <u><u>288,080</u></u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	<u>2021</u>		<u>2020</u>
Subject To Expenditures For Specific Purposes:			
Porterville Club	\$ 3,511	\$	3,511
Farmersville Garden	<u>-</u>		<u>707</u>
	<u>\$ 3,511</u>	<u>\$</u>	<u><u>4,218</u></u>

8. Employee Benefits Plan

All full time employees and certain part time employees may be eligible for employer contributions. Employees who are at least 21 years of age and who work a minimum of 1,000 hours within their first year of service, or any following 12-consecutive months of service, can have their contributions matched by the Organization. The Organization will make a Safe Harbor Employer Matching contribution to the 401(k) Plan on your behalf equal to 100% of your salary deferrals that do not exceed 3% of your pay plus 50% of your salary deferrals between 3% and 5% of your pay. The Safe Harbor Employer Matching Contribution is 100% vested at all times. Safe Harbor Matching Contributions will be made each payroll period

BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. Operating Leases

The Organization leases office and program service space in Exeter, CA and Porterville, CA. On December 2, 2011, the Organization renegotiated the monthly lease payments to \$1,650, which is discounted to \$250 on a month-to-month basis.

The Organization has memorandums of understanding with various school districts for space it leases which it receives as an in-kind donation. For the years ended June 30, 2021 and 2020, the value of the rent was \$355,493 and \$667,973, respectively.

Total lease expense (including in-kind) for the years ended June 30, 2021 and 2020 was \$358,854 and \$671,614, respectively.

10. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the date of the statement of financial position.

	<u>2021</u>	<u>2020</u>
Cash	\$ 902,651	\$ 1,103,186
Accounts Receivable	13,011	111
Grants Receivable	362,745	90,238
Less those unavailable for general expenditure within one year due to:		
Purpose Restricted Cash	<u>66,586</u>	<u>66,586</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,211,821</u>	<u>\$ 1,126,949</u>

The Organization is required to maintain financial assets to meet three months of general operations.

OTHER INDEPENDENT AUDITORS' REPORT

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

To the Board of Directors of
Boys and Girls Club of Tulare County, Inc.
Exeter, 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 and Girls Club of Tulare County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys and Girls Club of Tulare County, Inc.'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 Boys and Girls Club of Tulare County, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 and Girls Club of Tulare County, Inc.'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.



Visalia, California
March 11, 2022