

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**

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

**JUNE 30, 2020 AND 2019**

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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, 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 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, 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.

### Emphasis of a Matter - Recent Accounting Pronouncements Adopted

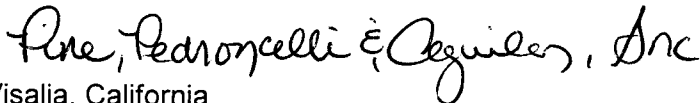
As discussed in Note 1 to the financial statements, during the year ended June 30, 2020, Boys and Girls Club of Tulare County, Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, during the year ended June 30, 2020, Boys and Girls Club of Tulare County, Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. 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 3, 2021, 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 3, 2021

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,036,600	\$ 796,194
Accounts Receivable	561	411
Grants Receivable	89,788	97,951
Prepaid Expenses	3,000	3,000
Inventory - Food	15,960	25,469
Total Current Assets	1,145,909	923,025
<b>PROPERTY AND EQUIPMENT, NET</b>	1,237,679	1,302,300
<b>OTHER ASSETS</b>		
Cash Restricted for Future Club Improvements and Strathmore Operations	66,586	70,002
Total Other Assets	66,586	70,002
<b>TOTAL ASSETS</b>	\$ 2,450,174	\$ 2,295,327

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, 2020 AND 2019**

<b>LIABILITIES AND NET ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 5,781	\$ 6,317
Credit Cards Payable	7,119	30,869
Accrued Payroll	42,634	40,857
Compensated Absences	19,458	15,696
Payroll Taxes Payable	24,896	24,180
Customer Deposits	4,125	3,080
Deferred Revenue	52,638	2,700
Accrued Expenses	-	2,875
Notes Payable, Current Portion	<u>6,534</u>	<u>6,055</u>
Total Current Liabilities	163,185	132,629
<b>LONG-TERM LIABILITIES</b>		
SBA Paycheck Protection Program Loan	253,000	-
Notes Payable, Net of Current Portion	<u>288,189</u>	<u>295,533</u>
<b>TOTAL LIABILITIES</b>	<u>704,374</u>	<u>428,162</u>
<b>NET ASSETS</b>		
With Donor Restrictions		
Purpose Restricted	4,218	63,192
Without Donor Restrictions		
Unrestricted	<u>1,741,582</u>	<u>1,803,973</u>
Total Net Assets	<u>1,745,800</u>	<u>1,867,165</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,450,174</u></u>	<u><u>\$ 2,295,327</u></u>

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, 2020 AND 2019**

	2020		2019	
	Unrestricted	Donor	Unrestricted	Donor
		Restricted		Restricted
	Total	Total	Total	Total
<b>SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>				
Contributions	\$ 365,027	\$ -	\$ 73,230	\$ 258,262
Legacies and Bequests	890	-	10,000	-
In-Kind Contributions	674,933	-	983,404	-
Grants	391,992	-	401,458	-
Program Income	777,091	-	728,008	-
Fundraisers	349,307	-	309,765	-
Membership Dues	6,780	-	12,426	-
Rent Income	39,522	-	51,016	-
Interest Income	5,699	-	8,214	-
Loss on Disposal of Assets	-	-	(116,335)	-
Miscellaneous Income	3,879	-	3,195	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,615,120</b>	<b>-</b>	<b>2,464,381</b>	<b>258,262</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>58,974</b>	<b>(58,974)</b>	<b>325,432</b>	<b>(325,432)</b>
<b>TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>	<b>2,674,094</b>	<b>(58,974)</b>	<b>2,789,813</b>	<b>(67,170)</b>
<b>EXPENSES</b>				
Program	2,220,449	-	2,519,694	-
Support Services:				
Management and General	302,102	-	288,967	-
Fundraising	213,934	-	206,174	-
<b>TOTAL EXPENSES</b>	<b>2,736,485</b>	<b>-</b>	<b>3,014,835</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>(62,391)</b>	<b>(58,974)</b>	<b>(225,022)</b>	<b>(67,170)</b>
<b>NET ASSETS, Beginning of the Period</b>	<b>1,803,973</b>	<b>63,192</b>	<b>2,028,995</b>	<b>130,362</b>
<b>NET ASSETS, End of the Period</b>	<b>\$ 1,741,582</b>	<b>\$ 4,218</b>	<b>\$ 1,803,973</b>	<b>\$ 63,192</b>

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, 2020 AND 2019**

	2020				2019					
	Club		Support Services		Club		Support Services			
	Activities	Management and General	Fundraising	Sub-Total	Total	Activities	Management and General	Fundraising	Sub-Total	Total
Salaries and Wages	\$ 959,482	\$ 212,255	\$ 91,345	\$ 303,600	\$ 1,263,082	\$ 876,582	\$ 188,244	\$ 77,768	\$ 266,012	\$ 1,142,594
Automobile	4,174	1,098	-	1,098	5,272	13,030	1,270	-	1,270	14,300
Bad Debt	(101)	-	-	-	(101)	-	-	290	290	290
Bank Service Charges	-	-	8,084	8,084	8,084	76	-	8,286	8,286	8,362
Board Development	-	10,973	-	10,973	10,973	-	12,135	-	12,135	12,135
Copier and Maintenance Contracts	3,569	2,208	-	2,208	5,777	1,833	4,249	-	4,249	6,082
Dues, Subscriptions and Fees	8,681	4,447	452	4,899	13,580	9,094	2,544	288	2,832	11,926
Employee Benefits	25,418	13,870	7,483	21,353	46,771	14,629	21,568	6,914	28,482	43,111
Fundraising Expense	-	-	69,160	69,160	69,160	58,553	-	81,974	81,974	81,974
Insurance	50,968	12,211	1,953	14,164	65,132	58,553	14,025	2,218	16,243	74,796
Interest	9,358	-	-	-	9,358	8,709	-	-	-	8,709
Marketing	24,039	-	24,039	24,039	48,078	20,553	-	20,553	20,553	41,106
Meetings	2,314	218	191	409	2,723	1,150	108	95	203	1,353
Miscellaneous	-	737	-	737	737	-	580	-	580	580
Program Supplies	73,430	-	-	-	73,430	101,712	-	-	-	101,712
Payroll Taxes	102,165	22,537	8,622	31,159	133,324	93,425	24,543	6,373	30,916	124,341
Penalties and Fines	-	7,473	-	7,473	7,473	-	1,564	-	1,564	1,564
Postage and Office Supplies	496	1,479	1,478	2,957	3,453	508	2,511	515	3,026	3,534
Professional Fees	-	8,000	-	8,000	8,000	-	8,000	-	8,000	8,000
Program and Office Expense	38,224	1,768	1,127	2,895	41,119	30,317	1,615	900	2,515	32,832
Program Food Supplies	81,953	-	-	-	81,953	107,644	-	-	-	107,644
Property Taxes	-	123	-	123	123	-	294	-	294	294
Rent	671,614	-	-	-	671,614	986,765	3,000	-	3,000	989,765
Repairs and Maintenance	44,951	-	-	-	44,951	64,520	-	-	-	64,520
Utilities	40,985	-	-	-	40,985	55,152	967	-	967	56,119
Telephone	12,324	2,705	-	2,705	15,029	8,234	1,750	-	1,750	9,984
Travel	1,784	-	-	-	1,784	1,693	-	-	-	1,693
Depreciation Expense	64,621	-	-	-	64,621	65,515	-	-	-	65,515
<b>TOTAL EXPENSES</b>	<b>\$ 2,220,449</b>	<b>\$ 302,102</b>	<b>\$ 213,934</b>	<b>\$ 516,036</b>	<b>\$ 2,736,485</b>	<b>\$ 2,519,694</b>	<b>\$ 288,967</b>	<b>\$ 206,174</b>	<b>\$ 495,141</b>	<b>\$ 3,014,835</b>

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, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (121,365)	\$ (292,192)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities:		
Depreciation	64,621	65,515
Loss on Disposal of Assets	-	116,335
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(150)	21,358
Grants Receivable	8,163	(51,120)
Prepaid Expenses	-	(3,000)
Inventory	9,509	(2,232)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(536)	(3,792)
Credit Cards Payable	(23,750)	(5,618)
Accrued Payroll	1,777	(2,121)
Compensated Absences	3,762	(2,720)
Payroll Taxes Payable	716	(10,380)
Customer Deposits	1,045	230
Accrued Expenses	(2,875)	(1,683)
Deferred Revenue	49,938	-
	(9,145)	(171,420)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of Property, Plant and Equipment	-	(84,682)
	-	(84,682)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from SBA Paycheck Protection Program	253,000	-
Repayments on Long-Term Debt	(6,865)	(6,272)
	246,135	(6,272)

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, 2020 AND 2019**

	2020	2019
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	\$ 236,990	\$ (262,374)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	866,196	1,128,570
<b>CASH , CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 1,103,186</b>	<b>\$ 866,196</b>
 <b>SUPPLEMENTARY INFORMATION</b>		
Interest Paid	\$ 9,358	\$ 8,709
 Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ -	\$ 84,682
Less Financed Acquisitions	-	-
Net Cash Paid for Property and Equipment	\$ -	\$ 84,682

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, 2020 AND 2019**

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 \$15,593 and \$7,202 on June 30, 2020 and 2019, respectively.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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, 2020 and 2019 was \$64,621 and \$65,515, 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, 2020 AND 2019**

1. Summary of Significant Accounting Policies (Continued)

Support and Restrictions

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 rent and supplies which was valued at \$674,933 and \$983,404 during the years ended June 30, 2020 and 2019, 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.

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.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

1. Summary of Significant Accounting Policies (Continued)

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.

Recent Accounting Pronouncement Adopted

During the year ended June 30, 2020, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. There was no effect for the years ending June 30, 2020 or 2019.

During the year ended June 30, 2020, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. This update clarifies how restricted cash should be reported on the statement of cash flows. The update should assist entities to uniformly report restricted cash. There was no effect for the years ending June 30, 2020 or 2019.

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 3, 2021, 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, 2020 AND 2019**

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, :

	2020	2019
Cash and Cash Equivalents	\$ 1,036,600	\$ 796,194
Restricted Cash:		
Ivanhoe Soccer	\$ -	\$ 250
Strathmore Club	61,006	61,005
Porterville Club	5,580	8,747
	66,586	70,002
 Total Cash, Cash Equivalents and Restricted Cash	 \$ 1,103,186	 \$ 866,196

3. Grants Receivable

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

	2020	2019
Office of Justice Programs	\$ 11,269	\$ 18,218
Community Development Block Grant, Farmersville	74,149	54,905
USDA Child & Adult Care Food Program	2,301	15,896
USDA Summer Food Service Program	569	8,932
Wal-Mart	1,500	-
	 \$ 89,788	 \$ 97,951

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

4. Property and Equipment

Property and equipment consisted of the following:

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Furnishings and Equipment	\$ 256,310	\$ -	\$ -	\$ 256,310
Transportation Equipment	35,667	-	10,570	25,097
Buildings and Improvements	1,444,782	-	-	1,444,782
Leasehold Improvements	258,270	-	-	258,270
Land	273,084	-	-	273,084
	<u>2,268,113</u>	<u>\$ -</u>	<u>\$ 10,570</u>	<u>2,257,543</u>
Total	2,268,113	\$ -	\$ 10,570	2,257,543
Accumulated Depreciation	<u>965,813</u>	<u>\$ 64,621</u>	<u>\$ 10,570</u>	<u>1,019,864</u>
Net Property and Equipment	<u>\$ 1,302,300</u>			<u>\$ 1,237,679</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. See Note 12, Subsequent Event.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

6. Notes Payable

Notes Payable consists of the following at June 30,:

	<u>2020</u>	<u>2019</u>
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.	<u>204,723</u>	<u>211,588</u>
Subtotal	294,723	301,588
Less Current Portion	<u>6,534</u>	<u>6,055</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 288,189</u></b>	<b><u>\$ 295,533</u></b>

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

2021	\$ 6,534
2022	6,701
2023	6,975
2024	7,243
2025 and Thereafter	<u>267,270</u>
<b>TOTAL</b>	<b><u>\$ 294,723</u></b>



**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

7. Net Assets With Donor Restrictions

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

	2020	2019
Subject To Expenditures For Specific Purposes:		
Porterville Club	\$ 3,511	\$ 3,064
Strathmore Club	-	59,016
Farmersville Garden	707	1,112
	\$ 4,218	\$ 63,192

8. Employee Benefits Plan

The Organization offers a SIMPLE IRA plan, for eligible employees. The Organization is required to match up to 3% of the eligible employee's annual salary to the employee's retirement account. Plan expenses to the Organization for the SIMPLE IRA plan, including employer contributions, totaled \$14,003 and \$7,414 for the years ended June 30, 2020 and 2019, respectively.

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, 2020 and 2019, the value of the rent was \$667,973 and \$983,404, respectively.

Total lease expense (including in-kind) for the years ended June 30, 2020 and 2019 was \$671,614 and \$989,765, respectively.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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.

	2020	2019
Cash	\$ 1,103,186	\$ 866,196
Accounts Receivable	111	411
Grants Receivable	90,238	97,951
Less those unavailable for general expenditure within one year due to:		
Purpose Restricted Cash	66,586	70,002
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,126,949	\$ 894,556

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

11. Reclassifications

Certain reclassifications have been made to the prior period's financial statements in order to conform them to the classifications used for the current year. These reclassifications had no effect on reported change in net assets.

12. Subsequent Event

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 (as detailed in Note 5). 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 Citizens Business 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").

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, 2020, 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 3, 2021.

**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 3, 2021