

**Boys and Girls Clubs of the River Region, Inc.**  
**March 31, 2021**  
Financial Statements

**Boys and Girls Clubs of the River Region, Inc.****Index**

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**Independent Auditor's Report**

The Board of Directors  
Boys and Girls Clubs of the River Region, Inc.  
Montgomery, Alabama

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Boys and Girls Clubs of the River Region, Inc. (the Organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the Boys and Girls Clubs of the River Region, Inc. as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Jackson Thornton & Co. PC*

Montgomery, Alabama  
October 6, 2021



**Boys and Girls Clubs of the River Region, Inc.**  
**Statements of Financial Position**  
**At March 31, 2021 and 2020**

**Assets**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 193,030	\$ 30,333
Accounts receivable	28,434	22,883
Investments	120,778	127,585
Investment in limited partnership	25,000	25,000
Property and equipment, net	187,100	212,690
Interest in perpetual trusts held by others	105,196	82,781
<b>Total assets</b>	<u><u>\$ 659,538</u></u>	<u><u>\$ 501,272</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 44,024	\$ 78,726
Paycheck Protection Program loan	89,400	
Deferred revenue	15,360	12,300
Refundable advances		12,500
<b>Total liabilities</b>	<u>148,784</u>	<u>103,526</u>

**Net Assets**

Without donor restrictions	251,793	157,713
With donor restrictions	258,961	240,033
<b>Total net assets</b>	<u>510,754</u>	<u>397,746</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 659,538</u></u>	<u><u>\$ 501,272</u></u>

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

**Boys and Girls Clubs of the River Region, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended March 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support</b>			
Contributions	\$ 106,658	\$ 5,245	\$ 111,903
Contribution from Foundation	62,411		62,411
Government grants	201,849		201,849
Other grants	277,352		277,352
In-kind contribution	80,000		80,000
United Way allocation	134,175		134,175
Total public support	<u>862,445</u>	<u>5,245</u>	<u>867,690</u>
<b>Revenue and Gains</b>			
Golf tournament (net of related costs of \$21,642)	27,299		27,299
Investment income (loss)	(121)	3,236	3,115
Membership and board dues	2,690		2,690
Other revenue	3,797		3,797
Gain on perpetual trust held by others		22,415	22,415
Total revenue and gains	<u>33,665</u>	<u>25,651</u>	<u>59,316</u>
<b>Net Assets Released from Restrictions</b>			
Satisfaction of program restrictions	11,968	(11,968)	
Total public support, revenue, and gains	<u>908,078</u>	<u>18,928</u>	<u>927,006</u>
<b>Expenses</b>			
Program services			
Sports, fitness, and recreation	215,585		215,585
Character and leadership	76,276		76,276
Education and career	130,865		130,865
Health and life	85,588		85,588
Arts	124,953		124,953
Supporting services			
Management and general	128,661		128,661
Fundraising	52,070		52,070
Total expenses	<u>813,998</u>		<u>813,998</u>
<b>Changes in Net Assets</b>	<b>94,080</b>	<b>18,928</b>	<b>113,008</b>
<b>Net Assets at Beginning of Year</b>	<u>157,713</u>	<u>240,033</u>	<u>397,746</u>
<b>Net Assets at End of Year</b>	<u>\$ 251,793</u>	<u>\$ 258,961</u>	<u>\$ 510,754</u>

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

**Boys and Girls Clubs of the River Region, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended March 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support</b>			
Contributions	\$ 93,871	\$ 1,026	\$ 94,897
Contribution from Foundation	60,155		60,155
Government grants	233,090		233,090
Other grants	56,840		56,840
In-kind contribution	80,000		80,000
United Way allocation	180,269		180,269
Total public support	<u>704,225</u>	<u>1,026</u>	<u>705,251</u>
<b>Revenue</b>			
Golf tournament (net of related costs of \$21,219)	23,321		23,321
Sales to public	11,680		11,680
Investment income	7	5,485	5,492
Membership and board dues	6,115		6,115
Other revenue	18,073		18,073
Loss on perpetual trust held by others		(9,257)	(9,257)
Total revenue	<u>59,196</u>	<u>(3,772)</u>	<u>55,424</u>
<b>Net Assets Released from Restrictions</b>			
Satisfaction of program restrictions	11,363	(11,363)	
Total public support and revenue	<u>774,784</u>	<u>(14,109)</u>	<u>760,675</u>
<b>Expenses and Losses</b>			
Program services			
Sports, fitness, and recreation	230,738		230,738
Character and leadership	83,322		83,322
Education and career	141,946		141,946
Health and life	90,211		90,211
Arts	132,975		132,975
Supporting services			
Management and general	140,147		140,147
Fundraising	57,149		57,149
Total expenses	<u>876,488</u>		<u>876,488</u>
<b>Changes in Net Assets</b>	(101,704)	(14,109)	(115,813)
<b>Net Assets at Beginning of Year</b>	<u>259,417</u>	<u>254,142</u>	<u>513,559</u>
<b>Net Assets at End of Year</b>	<u>\$ 157,713</u>	<u>\$ 240,033</u>	<u>\$ 397,746</u>

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

**Boys and Girls Clubs of the River Region, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended March 31, 2021**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 261,947	\$ 47,439	\$ 34,376	\$ 343,762
Employee health and retirement benefits	77,910	14,109	10,225	102,244
Payroll taxes	22,806	4,131	2,993	29,930
<b>Total salaries and related expenses</b>	<b>362,663</b>	<b>65,679</b>	<b>47,594</b>	<b>475,936</b>
Camp expenditures	3,139			3,139
Conferences, conventions, and meetings	2,100	154	222	2,476
Depreciation	24,310	1,280		25,590
In-kind expense - rent	77,600	2,400		80,000
Local transportation	8,839	1,659		10,498
Miscellaneous	7,596	601		8,197
National organization dues	4,394	522		4,916
Occupancy	96,313	16,379	3,225	115,917
Organization dues		6,153		6,153
Printing and publications	615	194		809
Professional fees		28,521		28,521
Scholarships	7,675			7,675
Supplies	27,204	3,837	311	31,352
Telephone	10,819	1,282	718	12,819
<b>Total expenses</b>	<b>\$ 633,267</b>	<b>\$ 128,661</b>	<b>\$ 52,070</b>	<b>\$ 813,998</b>

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



**Boys and Girls Clubs of the River Region, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended March 31, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 276,234	\$ 50,028	\$ 36,251	\$ 362,513
Employee health and retirement benefits	77,387	14,012	10,157	101,556
Payroll taxes	23,027	4,169	3,022	30,218
Total salaries and related expenses	<u>376,648</u>	<u>68,209</u>	<u>49,430</u>	<u>494,287</u>
Camp expenditures	1,661			1,661
Conferences, conventions, and meetings	11,054	4,970	2,670	18,694
Depreciation	25,170	1,325		26,495
In-kind expense - rent	77,600	2,400		80,000
Local transportation	8,410	1,578		9,988
Miscellaneous	7,841	776		8,617
National organization dues	4,592	545		5,137
Occupancy	104,632	17,673	3,669	125,974
Organization dues		5,090		5,090
Postage and shipping	2,615	350	521	3,486
Printing and publications	920	288		1,208
Professional fees		32,778		32,778
Scholarships	7,433			7,433
Supplies	40,309	2,944	175	43,428
Telephone	10,307	1,221	684	12,212
Total expenses	<u>\$ 679,192</u>	<u>\$ 140,147</u>	<u>\$ 57,149</u>	<u>\$ 876,488</u>

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

**Boys and Girls Clubs of the River Region, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended March 31, 2021 and 2020**  
**Increase (Decrease) in Cash**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From (Used For) Operating Activities</b>		
Change in net assets	\$ 113,008	\$ (115,813)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	25,590	26,495
Contributions of investment securities	(4,711)	(5,171)
(Gain) loss on perpetual trust held by others	(22,415)	9,257
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	(5,551)	19,691
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(34,702)	20,669
Deferred revenue	3,060	2,540
Refundable advances	(12,500)	
Net cash from (used for) operating activities	61,779	(42,332)
 <b>Cash Flows From (Used For) Investing Activities</b>		
Purchases of equipment		(37,000)
Proceeds from sale of investments	11,518	7,906
Net cash from (used for) investing activities	11,518	(29,094)
 <b>Cash Flows From (Used For) Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	89,400	
Net cash from financing activities	89,400	
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	162,697	(71,426)
 <b>Cash and Cash Equivalents at Beginning of Year</b>	30,333	101,759
<b>Cash and Cash Equivalents at End of Year</b>	\$ 193,030	\$ 30,333
 <b>Supplemental Information</b>		
Schedule of noncash investing activities		
Contributions of investment securities	\$ 4,711	\$ 5,171

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

**Boys and Girls Clubs of the River Region, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies**

**Organization** - The Boys and Girls Clubs of the River Region, Inc. (the Organization) is a nonprofit organization which serves disadvantaged youth in the Montgomery, Alabama area to enable them to enhance their quality of life through athletic, educational, and social programs and, therefore, reach their potential for growth and development. The Organization has operating locations at West End and Chisholm.

**Basis of accounting** - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of presentation** - The Organization's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Organization's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Contributions** - In general, contributions, which include unconditional promises to give, are recognized as revenues in the period received. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is 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. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Contributions receivable, if any, are recorded at their estimated fair value.

**Cash and cash equivalents** - For purposes of the statements of cash flows, the Organization considers all short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturities that they present insignificant risk of changes in value because of changes in interest rates, to be cash equivalents except for cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes.

**Accounts receivable** - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

**Boys and Girls Clubs of the River Region, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

Investments - Investments consist of money market funds and certificates of deposit. These investments are stated at cost which approximates fair value.

Investment in limited partnership - The Organization has a \$25,000 preferential unit in a limited partnership reported at cost. The unit pays interest of 6% per year and is not marketable.

Investment valuation - In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Investments in marketable securities traded on a national securities exchange and investments in United States government securities are stated at fair value based on the last reported sales price on the valuation date. The Organization uses net asset values reported by fund managers as a practical expedient to report the fair values of its investments held through limited partnerships and other funds.

Investment securities are exposed to various risks, such as interest rate, market, liquidity, valuation, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

Fair value measurements - The guidance related to fair value measurements and disclosures issued by the Financial Accounting Standards Board (FASB) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of pricing models, price matrices, value of similar assets or underlying assets, or other valuation methodologies.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Money market funds - Money market funds are managed to maintain a net asset value per share of \$1.00, and are reported at that net asset value, which closely approximates fair value.

Certificates of deposit - Certificates of deposit are reported at cost plus accrued interest, which closely approximates fair value.

Interest in perpetual trusts held by others - Fair value is measured by using the Organization's proportionate share of the fair value of the assets held in the trust reported by the trustee as of March 31. In accordance with the terms of the charitable perpetual trust agreements, the trustee's makes periodic distributions of the trusts' net income to the Organization. The Organization considers the measurement to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reports by the trustees, the Organization will never receive those assets or have the ability to direct the trustees to redeem them. Fair value of the Organization's interest in the perpetual trusts held by others is \$105,196 and \$82,781 at March 31, 2021 and 2020, respectively.

**Boys and Girls Clubs of the River Region, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

Release of restrictions on net assets for acquisition of land, building, and equipment - Contributions of land, building, and equipment without donor-stipulations concerning the use of such long-lived assets are reported as revenues of net assets without donor restrictions. Contributions of cash or other assets to be used to acquire land, building, and equipment without such donor-stipulation are reported as revenues of net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Property and equipment - Property and equipment are recorded at cost, if purchased, or fair value on the date received, if donated. Depreciation is computed by the straight-line method over the following useful lives:

Buildings	35 years
Building improvements	10 years
Leasehold improvements	15 years
Furniture and equipment	3 - 10 years
Vehicles	7 years

Maintenance and repairs are charged to expense as incurred, while renewals and betterments are capitalized. Gains or losses on disposals are credited or charged to operations.

Functional expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation and occupancy, which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, office expenses, and other, which are allocated on the basis of estimates of time and effort.

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and accompanying notes. Actual results could differ from these estimates.

Income taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Federal regulations require informational reports annually. The Organization has further been classified as "not a private foundation." Therefore, donors may deduct their contributions to the Organization under the current laws and regulations governing charitable contributions to public charitable organizations.

Donated services and facilities - Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its program activities. The Organization pays for most services requiring specific expertise. The Organization uses a building owned by the Boys and Girls Clubs of Montgomery Foundation. The Organization pays all utilities, insurance, and routine maintenance for the building. The estimated annual rental value of this property is \$80,000.

Subsequent events - The Organization has evaluated events through October 6, 2021, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of March 31, 2021, have been incorporated into these financial statements.

**Boys and Girls Clubs of the River Region, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

**Note 2 - Liquidity and Availability of Financial Assets**

The Organization's financial assets as of March 31, 2021 and 2020 that are available for general expenditures within one year are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 193,030	\$ 30,333
Accounts receivable	28,434	22,883
Investments	120,778	127,585
Interest in perpetual trusts held by others	105,196	82,781
Distributions from perpetual trusts held by others	3,800	4,100
Endowment spending rate distributions and appropriations	<u>3,000</u>	<u>2,500</u>
	454,238	270,182
Less financial assets held to meet donor imposed restrictions		
Subject to expenditure for specified purpose	6,840	7,066
Subject to future appropriation	67,048	70,309
Beneficial interest in perpetual trusts	105,196	82,781
Restricted by donors in perpetuity	<u>114,445</u>	<u>114,445</u>
	<u>293,529</u>	<u>274,601</u>
Amounts available for general expenditures within one year	<u>\$ 160,709</u>	<u>\$ (4,419)</u>

The Organization holds its cash in demand bank accounts. The Organization holds certain financial assets, such as investments in securities and limited partnerships and interests in trusts, that are held to meet donor-imposed restrictions and, therefore, not available for general expenditures.

The Organization does not have any borrowing arrangements in place with banks or other lending institutions, except for the CARES Act borrowings as noted in Note 15, and does not anticipate the need to borrow funds within the next year. See Note 10, Affiliated Organizations, for a description of the funding support provided by the Boys and Girls Clubs of Montgomery Foundation.

**Note 3 - Cash and Cash Equivalents**

The Organization maintains its cash and cash equivalents primarily with a bank located in Alabama. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2021 and 2020, there were no uninsured cash balances.

**Note 4 - Investments**

Investments at March 31, 2021 consists of:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 115,701	\$ 115,701
Certificates of deposit	5,077	5,077
Totals	<u>\$ 120,778</u>	<u>\$ 120,778</u>

**Boys and Girls Clubs of the River Region, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

Investments at March 31, 2020 consists of:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 119,539	\$ 119,539
Certificates of deposit	8,046	8,046
Totals	<u>\$ 127,585</u>	<u>\$ 127,585</u>

**Note 5 - Property and Equipment**

Property and equipment at March 31, 2021 and 2020 consists of:

	<u>2021</u>	<u>2020</u>
Land	\$ 17,950	\$ 17,950
Buildings	174,894	174,894
Building improvements	270,329	270,329
Leasehold improvements	114,618	114,618
Furniture and equipment	151,580	151,580
Vehicles	42,010	42,010
	<u>771,381</u>	<u>771,381</u>
Less accumulated depreciation	584,281	558,691
Total	<u>\$ 187,100</u>	<u>\$ 212,690</u>

**Note 6 - Investment Income**

Investment income for the years ended March 31, 2021 and 2020 is composed of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 5	\$ 1,906
Income distribution from perpetual trust	3,110	3,586
Total investment income	<u>\$ 3,115</u>	<u>\$ 5,492</u>

**Note 7 - Pension Plan**

Effective January 1, 2013, the Organization established a defined contribution pension plan for employees of the Organization. All employees who have attained the age of 21 with at least 1,000 hours of service annually and who have completed two years of service may participate. Employees may enter the Plan on the first day of the month coincident with or next following satisfaction of the eligibility requirements. Employee contributions are allowed, subject to 401(k) plan guidelines. The employer contribution is 10% of total salary. Vesting is immediate. Total contribution expense for the years ended March 31, 2021 and 2020 was \$33,519 and \$34,010, respectively.

**Boys and Girls Clubs of the River Region, Inc.**  
**Notes to Financial Statements**  
**March 31, 2021 and 2020**

**Note 8 - Concentrations**

The Organization has historically received a major portion of its revenue through allocations from the River Region United Way agency. Revenue received from the River Region United Way represents 15% and 24%, respectively, of total public support, revenue, and gains for the years ended March 31, 2021 and 2020. The remaining revenues are received primarily from public contributions and public and private grants.

**Note 9 - Leases**

The Organization leases office space for its administrative functions. The Organization incurred lease expense of \$10,980 for the years ended March 31, 2021 and 2020. The lease term expires in December 2021, and the future minimum rent required under the lease agreement is \$8,235.

**Note 10 - Affiliated Organizations**

The Organization is a member organization of the Boys and Girls Clubs of America (BGCA). Accounts receivable at March 31, 2021 and 2020 includes \$21,684 and \$8,761, respectively, due from the BGCA for reimbursements under grants awarded to the Organization. The Organization paid dues totaling \$4,196 and \$5,137 to BGCA during the years ended March 31, 2021 and 2020, respectively.

The Organization transfers revenue to and receives revenue from the Boys and Girls Clubs of Montgomery Foundation (the Foundation), a separate 501(c)(3) entity. The primary purpose of the Foundation is to raise funds to assist the Organization in its purpose as stated in Note 1. Certain Board Members of the Foundation are also Board Members of the Organization. During the years ended March 31, 2021 and 2020, the Organization received contributions of \$62,411 and \$60,155, respectively, from the Foundation.

A summary of the Foundation's financial information as of and for the years ended March 31, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Total assets	\$ 2,621,779	\$ 2,230,599
Net assets	2,621,779	2,230,599
Total revenue (including investment income/loss)	504,800	(98,005)
Total expenses	113,620	114,921

The Organization also uses a building owned by the Foundation. The Organization pays all utilities, insurance, and routine maintenance for the building. The estimated annual rental value of this property is \$80,000.



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**Note 11 - Net Assets**

<b>Subject to Expenditure for Specified Purpose</b>	<u>2021</u>	<u>2020</u>
Camp expenses	\$ 1,239	\$ 1,465
Tennis lessons	5,601	5,601
Total	<u>6,840</u>	<u>7,066</u>

**Endowments**

Subject to future appropriation		
Restricted by donors for		
Scholarships	67,048	70,309
Beneficial interest in perpetual trusts for		
Camp expenses	15,703	12,549
General operations	89,493	70,232
Restricted by donors in perpetuity for		
Scholarships	79,877	79,877
General operations	34,568	34,568
Underwater endowment funds	<u>(34,568)</u>	<u>(34,568)</u>
Total	<u>252,121</u>	<u>232,967</u>
Total net assets with donor restrictions	<u>\$ 258,961</u>	<u>\$ 240,033</u>

Income from the endowment for general operations and the perpetual trust held by others is unrestricted. Income from the endowment for scholarships is restricted for educational scholarships to be awarded to current and former Organization members.

For the year ended March 31, 2021, the Organization has maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions. For the year ended March 31, 2020, the Organization did not maintain an appropriate composition of assets in amounts needed to comply with all donor restrictions. At March 31, 2020, the Organization had approximately \$89,600 of net assets with donor restrictions that were not supported by cash or investments.

**Note 12 - Endowment**

The Organization's endowment consists of donor-restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State of Alabama's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor-stipulations to the contrary. As a result of this interpretation, the Organization classifies as in perpetuity assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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**Note 12 - Endowment (continued)**

The remaining portion of the donor-restricted endowment funds that is not retained in perpetuity is subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment practices of the Organization.

The composition of endowment net assets at March 31, 2021 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Donor-Restricted Endowment Funds</b>			
General operations	\$ 11,716	\$ 34,568	\$ 46,284
Interest in perpetual trusts held by others		105,196	105,196
Scholarships		146,925	146,925
Underwater endowment funds		(34,568)	(34,568)
Totals	<u>\$ 11,716</u>	<u>\$ 252,121</u>	<u>\$ 263,837</u>

The composition of endowment net assets at March 31, 2020 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Donor-Restricted Endowment Funds</b>			
General operations	\$ 12,204	\$ 34,568	\$ 46,772
Interest in perpetual trusts held by others		82,781	82,781
Scholarships		150,186	150,186
Underwater endowment funds		(34,568)	(34,568)
Totals	<u>\$ 12,204</u>	<u>\$ 232,967</u>	<u>\$ 245,171</u>

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Changes in endowment net assets for the year ended March 31, 2021 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, at March 31, 2020	\$ 12,204	\$ 232,967	\$ 245,171
Investment return	(488)	3,603	3,115
Gain on perpetual trusts held by others		22,414	22,414
Appropriation of endowment assets for expenditure		(6,863)	(6,863)
Endowment net assets, at March 31, 2021	<u>\$ 11,716</u>	<u>\$ 252,121</u>	<u>\$ 263,837</u>

Changes in endowment net assets for the year ended March 31, 2020 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, at March 31, 2019	\$ 12,199	\$ 244,964	\$ 257,163
Investment return	5	5,482	5,487
Loss on perpetual trusts held by others		(9,257)	(9,257)
Appropriation of endowment assets for expenditure		(8,222)	(8,222)
Endowment net assets, at March 31, 2020	<u>\$ 12,204</u>	<u>\$ 232,967</u>	<u>\$ 245,171</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The Organization has invested its endowment funds for scholarships primarily in money market funds. The perpetual trust fund held by others is invested in marketable securities and fixed income securities as directed by the trustee. In previous years, the Organization appropriated for expenditure endowment funds for general operations. Thus, at March 31, 2021 and 2020, funds with original gift values of \$34,568, fair values of \$0, and deficiencies of \$34,568 are reported in net assets with donor restrictions. During the year, the Organization did not appropriate any expenditure from underwater endowments.

The Organization's current practice is to limit appropriations for expenditures to earnings on endowed funds. Accordingly, the Organization expects the current spending policy to allow its endowment to remain equal to its original fair value.

**Note 13 - Interest in Perpetual Trusts Held by Others**

The Organization is a beneficiary of two charitable trusts, the assets of which are not in the possession of the Organization. The Organization has legally enforceable rights or claims to the income of the trusts and, therefore, these funds are included in the financial statements. Distributions from the trusts are reported as investment income without donor restrictions in the statements of activities and changes in net assets. The net realized and unrealized gain or loss in the trust held by others is reported as an increase or decrease, respectively, in net assets with donor restrictions. The interest in perpetual trusts held by others is reported at fair value at March 31, 2021 and 2020 as described in Note 14.

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**Note 14 - Fair Value Measurements**

Assets presented in the financial statements in the aggregate at fair value include the following:

	<b>Fair Value</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>March 31, 2021</b>		
Interest in perpetual trusts held by others	\$ 105,196	\$ 105,196
Investments measured at net asset value (a)	120,778	
Totals	<u>\$ 225,974</u>	<u>\$ 105,196</u>
<b>March 31, 2020</b>		
Interest in perpetual trusts held by others	\$ 82,781	\$ 82,781
Investments measured at net asset value (a)	127,585	
Totals	<u>\$ 210,366</u>	<u>\$ 82,781</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Assets measured at fair value on a recurring basis using significant unobservable inputs (nonmarket information) at March 31 are as follows:

	<b>2021</b>	<b>2020</b>
<b>Interests in Perpetual Trusts Held by Others</b>		
Balance, beginning of year	\$ 82,781	\$ 92,038
Net gain (loss) before distribution	25,524	(5,671)
Distributions made to the Organization	(3,109)	(3,586)
Net gain (loss) on perpetual trusts held by others	22,415	(9,257)
Balance, end of year	<u>\$ 105,196</u>	<u>\$ 82,781</u>

**Note 15 - Coronavirus Impact**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of the geographical area in which the Organization operates.

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On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Organization applied for a loan under this Program and received from its bank a loan in the amount of \$89,400 on May 4, 2020. The loan is forgivable if the Organization meets certain criteria as established under the Program. The Organization received notice of forgiveness from the Small Business Administration on May 24, 2021.

On May 19, 2021, the Organization applied for a loan under this Program and received from its bank a loan in the amount of \$88,517. The loan is forgivable if the Organization meets certain criteria as established under the Program. The Organization will seek loan forgiveness in fiscal year 2022. Any of the loan amounts not forgiven under the Program will be due in May 2026 with interest at 1.0%. The loan is unsecured.

**Note 16 - Effect of New Accounting Pronouncements**

In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842): Codification Improvements*, which addressed issues lessors sometimes encounter. Specifically, the ASU addresses issues related to (1) determining the fair value of the underlying asset by the lessor that are not manufacturers or dealers (generally financial institutions and captive finance companies), and (2) lessors that are depository and lending institutions, which should classify principal and payments received under sales-type and direct financing leases within investing activities in the cash flow statement. The ASU also exempts both lessees and lessors from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which delays the effective date of ASU 2019-01 for certain entities. This ASU is effective for the Organization beginning on January 1, 2022. The adoption of ASU 2019-02 is not expected to have a significant impact on the Organization's financial statements. The Organization is currently evaluating the impact of this new guidance on its financial statements.

