



**BOYS & GIRLS CLUBS  
OF DORCHESTER**

**FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

Contents  
June 30, 2021 and 2020

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## Independent Auditor's Report

To the Board of Directors of  
Boys and Girls Clubs of Dorchester, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Boys and Girls Clubs of Dorchester, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses 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 audits 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 Boys and Girls Clubs of Dorchester, 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.

*AAFCPAs, Inc.*

Boston, Massachusetts  
November 2, 2021

**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

 Statements of Financial Position  
 June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Current Assets:						
Cash	\$ 1,416,663	\$ 1,767,658	\$ 3,184,321	\$ 841,710	\$ 351,122	\$ 1,192,832
Current portion of pledges receivable	46,500	182,000	228,500	-	-	-
Grants, contracts and other receivables, net of allowance for doubtful accounts	1,482,651	-	1,482,651	748,128	-	748,128
Prepaid expenses and other	51,249	-	51,249	15,340	-	15,340
Total current assets	<u>2,997,063</u>	<u>1,949,658</u>	<u>4,946,721</u>	<u>1,605,178</u>	<u>351,122</u>	<u>1,956,300</u>
Investments	1,186,095	1,319,656	2,505,751	721,984	1,348,050	2,070,034
Cash Surrender Value of Life Insurance Policies	110,053	-	110,053	106,542	-	106,542
Pledges Receivable, net of current portion	-	321,000	321,000	-	-	-
Property and Equipment, net	<u>3,907,831</u>	<u>-</u>	<u>3,907,831</u>	<u>4,017,722</u>	<u>-</u>	<u>4,017,722</u>
Total assets	<u>\$ 8,201,042</u>	<u>\$ 3,590,314</u>	<u>\$ 11,791,356</u>	<u>\$ 6,451,426</u>	<u>\$ 1,699,172</u>	<u>\$ 8,150,598</u>
<b>Liabilities and Net Assets</b>						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 459,066	\$ -	\$ 459,066	\$ 258,968	\$ -	\$ 258,968
Deferred revenue	49,061	-	49,061	37,000	-	37,000
Total current liabilities	<u>508,127</u>	<u>-</u>	<u>508,127</u>	<u>295,968</u>	<u>-</u>	<u>295,968</u>
Note Payable	-	-	-	717,500	-	717,500
Total liabilities	<u>508,127</u>	<u>-</u>	<u>508,127</u>	<u>1,013,468</u>	<u>-</u>	<u>1,013,468</u>
Net Assets:						
Without donor restrictions:						
Operating	3,785,084	-	3,785,084	1,420,236	-	1,420,236
Property and equipment	3,907,831	-	3,907,831	4,017,722	-	4,017,722
Total without donor restrictions	<u>7,692,915</u>	<u>-</u>	<u>7,692,915</u>	<u>5,437,958</u>	<u>-</u>	<u>5,437,958</u>
With donor restrictions	-	3,590,314	3,590,314	-	1,699,172	1,699,172
Total net assets	<u>7,692,915</u>	<u>3,590,314</u>	<u>11,283,229</u>	<u>5,437,958</u>	<u>1,699,172</u>	<u>7,137,130</u>
Total liabilities and net assets	<u>\$ 8,201,042</u>	<u>\$ 3,590,314</u>	<u>\$ 11,791,356</u>	<u>\$ 6,451,426</u>	<u>\$ 1,699,172</u>	<u>\$ 8,150,598</u>

The accompanying notes are an integral part of these statements.

**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

## Statements of Activities

For the Years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support:</b>						
Grants and contributions	\$ 4,619,301	\$ 350,891	\$ 4,970,192	\$ 2,536,892	\$ 293,956	\$ 2,830,848
Contracts	865,480	-	865,480	1,054,040	-	1,054,040
Special events and contributions, net	608,250	-	608,250	941,682	-	941,682
Rodman Ride contributions	576,496	-	576,496	570,786	-	570,786
Donated goods and services	492,633	-	492,633	339,644	-	339,644
Program service fees	346,957	-	346,957	551,655	-	551,655
United Way contributions	55,651	-	55,651	66,759	-	66,759
Investment income	42,012	-	42,012	37,418	-	37,418
Other	14,709	-	14,709	2,993	-	2,993
Net assets released from program restrictions	165,994	(165,994)	-	449,311	(449,311)	-
Net assets released from time restrictions	135,124	(135,124)	-	-	-	-
Total operating revenue and support	<u>7,922,607</u>	<u>49,773</u>	<u>7,972,380</u>	<u>6,551,180</u>	<u>(155,355)</u>	<u>6,395,825</u>
<b>Operating Expenses:</b>						
Program services:						
Licensed Childcare	1,492,632	-	1,492,632	1,493,058	-	1,493,058
Recreation and Education	2,898,771	-	2,898,771	2,877,400	-	2,877,400
Total program services	<u>4,391,403</u>	<u>-</u>	<u>4,391,403</u>	<u>4,370,458</u>	<u>-</u>	<u>4,370,458</u>
General and administrative	707,580	-	707,580	700,012	-	700,012
Fundraising	1,229,607	-	1,229,607	848,908	-	848,908
Total operating expenses	<u>6,328,590</u>	<u>-</u>	<u>6,328,590</u>	<u>5,919,378</u>	<u>-</u>	<u>5,919,378</u>
Changes in net assets from operations	<u>1,594,017</u>	<u>49,773</u>	<u>1,643,790</u>	<u>631,802</u>	<u>(155,355)</u>	<u>476,447</u>
<b>Non-Operating Revenues (Expenses):</b>						
Grants and contributions - capital campaign	-	1,376,764	1,376,764	-	-	-
Debt forgiveness	717,500	-	717,500	-	-	-
Net gain (loss) on investments	(70,072)	474,606	404,534	(66,421)	28,923	(37,498)
Investment return on cash value of life insurance policies	3,511	-	3,511	4,138	-	4,138
State contracts - capital	-	-	-	-	50,004	50,004
Net assets released from capital restrictions	10,001	(10,001)	-	49,827	(49,827)	-
Total non-operating revenues (expenses)	<u>660,940</u>	<u>1,841,369</u>	<u>2,502,309</u>	<u>(12,456)</u>	<u>29,100</u>	<u>16,644</u>
Changes in net assets	<u>\$ 2,254,957</u>	<u>\$ 1,891,142</u>	<u>\$ 4,146,099</u>	<u>\$ 619,346</u>	<u>\$ (126,255)</u>	<u>\$ 493,091</u>

The accompanying notes are an integral part of these statements.

**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

Statements of Changes in Net Assets  
For the Years ended June 30, 2021 and 2020

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net Assets, June 30, 2019</b>	\$ 4,818,612	\$ 1,825,427	\$ 6,644,039
Changes in net assets	<u>619,346</u>	<u>(126,255)</u>	<u>493,091</u>
<b>Net Assets, June 30, 2020</b>	5,437,958	1,699,172	7,137,130
Changes in net assets	<u>2,254,957</u>	<u>1,891,142</u>	<u>4,146,099</u>
<b>Net Assets, June 30, 2021</b>	<u><u>\$ 7,692,915</u></u>	<u><u>\$ 3,590,314</u></u>	<u><u>\$ 11,283,229</u></u>

**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**Statements of Cash Flows  
For the Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 4,146,099	\$ 493,091
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	197,391	206,123
Bad debt	49,066	28,519
Investment return on cash surrender value of life insurance policies	(3,511)	(4,138)
Net (gain) loss on investments	(404,534)	37,498
Debt forgiveness	(717,500)	-
Grants and contributions - capital campaign	(1,376,764)	(50,004)
Changes in operating assets and liabilities:		
Grants, contracts and other receivables	(783,589)	(451,509)
Pledges receivable	(549,500)	-
Prepaid expenses and other	(35,909)	(7,731)
Accounts payable and accrued expenses	200,098	7,805
Deferred revenue	12,061	(78,115)
Net cash provided by operating activities	<u>733,408</u>	<u>181,539</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from the sale of investments	635,117	414,728
Purchase of investments	(666,300)	(447,293)
Acquisition of property and equipment	(87,500)	(354,918)
Net cash used in investing activities	<u>(118,683)</u>	<u>(387,483)</u>
<b>Cash Flows from Financing Activities:</b>		
Grants and contributions - capital campaign	1,376,764	50,004
Proceeds from notes payable	-	717,500
Net cash provided by financing activities	<u>1,376,764</u>	<u>767,504</u>
<b>Net Change in Cash</b>	1,991,489	561,560
<b>Cash:</b>		
Beginning of year	<u>1,192,832</u>	<u>631,272</u>
End of year	<u>\$ 3,184,321</u>	<u>\$ 1,192,832</u>
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Unrealized gain (loss) on investments	<u>\$ 259,465</u>	<u>\$ (84,904)</u>

**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

Statement of Functional Expenses

For the Year Ended June 30, 2021

With Summarized Comparative Totals for the Year Ended June 30, 2020

	2021					2020	
	Program Services			General and Administrative	Fundraising	Total	Total
Licensed Childcare	Recreation and Education	Total Program Services					
<b>Salaries and Related:</b>							
Salaries	\$ 993,739	\$ 1,834,065	\$ 2,827,804	\$ 423,978	\$ 464,657	\$ 3,716,439	\$ 3,744,934
Employee benefits	95,419	133,896	229,315	88,981	41,556	359,852	328,992
Payroll taxes	66,683	110,419	177,102	19,743	36,523	233,368	282,508
Total salaries and related	<u>1,155,841</u>	<u>2,078,380</u>	<u>3,234,221</u>	<u>532,702</u>	<u>542,736</u>	<u>4,309,659</u>	<u>4,356,434</u>
<b>Occupancy:</b>							
Depreciation	51,613	80,719	132,332	16,947	18,994	168,273	174,083
Repairs and maintenance	36,584	99,334	135,918	9,764	8,956	154,638	127,723
Utilities	25,962	96,190	122,152	3,735	3,243	129,130	135,865
Insurance	24,120	39,195	63,315	3,015	3,015	69,345	72,654
Interest	-	-	-	-	-	-	1,500
Total occupancy	<u>138,279</u>	<u>315,438</u>	<u>453,717</u>	<u>33,461</u>	<u>34,208</u>	<u>521,386</u>	<u>511,825</u>
<b>Other:</b>							
Consulting	1,334	19,295	20,629	21,106	611,678	653,413	288,381
Program activities and supplies	96,858	409,441	506,299	-	-	506,299	464,518
Special event	-	-	-	-	174,707	174,707	214,887
Bad debt	49,066	-	49,066	-	-	49,066	28,519
Professional fees	-	-	-	48,332	-	48,332	44,000
Bank fees	5,698	2	5,700	29,150	8,362	43,212	22,224
Miscellaneous	12,982	8,495	21,477	3,019	5,913	30,409	7,524
Depreciation	6,403	15,422	21,825	5,331	1,962	29,118	32,040
Dues and subscriptions	-	27,235	27,235	-	1,207	28,442	22,542
Staff training and travel	11,108	5,361	16,469	6,461	4,937	27,867	36,671
Telephone	6,748	10,731	17,479	4,762	1,539	23,780	20,898
Office supplies	3	1,394	1,397	11,807	5,762	18,966	17,837
Postage and printing	4,045	262	4,307	2,988	5,325	12,620	21,633
Equipment rental	1,225	7,315	8,540	332	2,427	11,299	16,136
Insurance	3,042	-	3,042	7,536	-	10,578	5,919
Advertising	-	-	-	250	3,551	3,801	21,934
Investment management fees	-	-	-	343	-	343	343
Total other	<u>198,512</u>	<u>504,953</u>	<u>703,465</u>	<u>141,417</u>	<u>827,370</u>	<u>1,672,252</u>	<u>1,266,006</u>
Total expenses before special events - direct expenses	1,492,632	2,898,771	4,391,403	707,580	1,404,314	6,503,297	6,134,265
<b>Special Events - Direct Expenses</b>	-	-	-	-	(174,707)	(174,707)	(214,887)
Total expenses	<u>\$ 1,492,632</u>	<u>\$ 2,898,771</u>	<u>\$ 4,391,403</u>	<u>\$ 707,580</u>	<u>\$ 1,229,607</u>	<u>\$ 6,328,590</u>	<u>\$ 5,919,378</u>

The accompanying notes are an integral part of these statements.



**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services			General and Adminis- trative	Fundraising	Total
	Licensed Childcare	Recreation and Education	Total Program Services			
<b>Salaries and Related:</b>						
Salaries	\$ 1,046,126	\$ 1,837,366	\$ 2,883,492	\$ 404,523	\$ 456,919	\$ 3,744,934
Employee benefits	84,828	125,084	209,912	83,538	35,542	328,992
Payroll taxes	86,078	134,315	220,393	25,931	36,184	282,508
Total salaries and related	<u>1,217,032</u>	<u>2,096,765</u>	<u>3,313,797</u>	<u>513,992</u>	<u>528,645</u>	<u>4,356,434</u>
<b>Occupancy:</b>						
Depreciation	52,947	86,830	139,777	16,134	18,172	174,083
Repairs and maintenance	29,261	85,422	114,683	6,719	6,321	127,723
Utilities	27,289	101,271	128,560	3,911	3,394	135,865
Insurance	14,157	51,914	66,071	2,953	3,630	72,654
Interest	-	-	-	1,500	-	1,500
Total occupancy	<u>123,654</u>	<u>325,437</u>	<u>449,091</u>	<u>31,217</u>	<u>31,517</u>	<u>511,825</u>
<b>Other:</b>						
Consulting	1,311	5,337	6,648	45,318	236,415	288,381
Program activities and supplies	93,732	370,760	464,492	26	-	464,518
Special event	-	-	-	-	214,887	214,887
Bad debt	28,519	-	28,519	-	-	28,519
Professional fees	-	-	-	44,000	-	44,000
Bank fees	3,923	271	4,194	14,581	3,449	22,224
Miscellaneous	566	1,995	2,561	4,243	720	7,524
Depreciation	5,071	21,850	26,921	3,614	1,505	32,040
Dues and subscriptions	-	21,908	21,908	469	165	22,542
Staff training and travel	10,668	11,938	22,606	9,297	4,768	36,671
Telephone	6,875	8,786	15,661	4,051	1,186	20,898
Office supplies	-	3,892	3,892	11,928	2,017	17,837
Postage and printing	-	22	22	9,306	12,305	21,633
Equipment rental	1,707	8,439	10,146	946	5,044	16,136
Insurance	-	-	-	5,919	-	5,919
Advertising	-	-	-	762	21,172	21,934
Investment management fees	-	-	-	343	-	343
Total other	<u>152,372</u>	<u>455,198</u>	<u>607,570</u>	<u>154,803</u>	<u>503,633</u>	<u>1,266,006</u>
Total expenses before special events - direct expenses	1,493,058	2,877,400	4,370,458	700,012	1,063,795	6,134,265
<b>Special Events - Direct Expenses</b>	-	-	-	-	(214,887)	(214,887)
Total expenses	<u>\$ 1,493,058</u>	<u>\$ 2,877,400</u>	<u>\$ 4,370,458</u>	<u>\$ 700,012</u>	<u>\$ 848,908</u>	<u>\$ 5,919,378</u>

The accompanying notes are an integral part of these statements.

## **BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

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### **1. OPERATIONS AND NONPROFIT STATUS**

#### **Operations**

Boys and Girls Clubs of Dorchester, Inc. (the Club) is a nonprofit organization dedicated to inspiring and enabling all young people, from diverse circumstances, to realize their full potential by providing opportunities for personal growth to become contributing, caring and responsible members of the community. The Club provides education and recreation related activities for children of all ages of the Dorchester, Massachusetts and surrounding communities.

#### **Nonprofit Status**

The Club is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Club is also exempt from state income taxes. Contributions made to the Club are deductible by donors within the requirements of the IRC.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The Club prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### **Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

#### **Pledges Receivable and Allowance for Doubtful Accounts**

Pledges receivable (see Note 15) at June 30, 2021 and 2020, consist of contributions committed to capital projects or the annual fund. Pledges are recorded at their net present value when unconditionally committed.

#### **Grants, Contracts and Other Receivables and Allowance for Doubtful Accounts**

Grants, contracts and other receivables are recorded at the invoiced or committed amount and do not bear interest. The Club recorded an allowance for doubtful accounts of \$25,000 as of June 30, 2021 and 2020. The decision whether or not to record an allowance is based on historical collections and write-off experience, as well as the amounts that were collected subsequent to each fiscal year-end.

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at estimated fair value at the date of gift, if donated. Renewals and betterments over \$1,000 are capitalized, while repairs and maintenance are expensed as they are incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<b><u>Estimated Useful Lives</u></b>
Building and improvements	10 - 40 years
Furniture, vehicles and equipment	3 - 10 years
Land improvements	15 years

Land is not depreciated.

The Club accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Property, Plant and Equipment*. The Club has not recognized any reduction in the carrying value of its property and equipment when considering this standard during fiscal year 2021 or 2020.

#### Deferred Revenue

Deferred revenue consists of ticket sales and other amounts received for program and other events that will be held in the following fiscal year.

#### Fair Value Measurements

The Club follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Club would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Club uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Club. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### *Investments*

Investments in marketable securities, primarily mutual funds, are reported at fair value as established by major securities markets. Investments in nonmarketable investments (alternative investments) qualify to use the measurement alternative defined as cost, less impairment, plus or minus changes resulting from observable price changes for identical or similar investments. These estimated values may differ significantly from the values that would have been used had a ready market existed for the underlying investments.

#### *Cash Surrender Value of Life Insurance Policies*

The Club records its cash surrender value of life insurance policies using Level 2 inputs which includes valuations provided by insurance companies.

#### *All Other Assets and Liabilities*

The carrying value of all other assets and liabilities, including notes payable, does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

#### **Net Assets**

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions include the following:

**Operating net assets** consist of amounts relating to program and other operating activities which bear no external restrictions and are currently available for operations.

**Property and equipment net assets** reflect amounts expended and resources available for property and equipment, net of related debt, if any.

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *Net Assets With Donor Restrictions*

Net assets with donor restrictions include amounts received with purpose or time restrictions, which have not yet been expended for their purposes, as well as assets restricted to be held in perpetuity. Net assets with donor restrictions also include appreciation on net assets with donor restrictions to be held in perpetuity in accordance with Massachusetts state law and the Club's spending policy.

Net assets with donor restrictions also include an endowment of approximately \$1,047,000 as of June 30, 2021 and 2020, which is restricted by donors against any expenditure of principal. Substantially all interest and dividend income earned on principal may be used for general purposes.

Net assets with donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Subject to the Club's endowment spending policy:		
Investment in perpetuity	\$ 1,046,626	\$ 1,046,626
Unspent appreciation on endowment	<u>776,030</u>	<u>301,424</u>
	<u>1,822,656</u>	<u>1,348,050</u>
Subject to expenditure for specific purposes:		
Capital	1,416,767	50,004
Program	350,891	165,994
Time	<u>-</u>	<u>135,124</u>
	<u>1,767,658</u>	<u>351,122</u>
Total net assets with donor restrictions	<u>\$ 3,590,314</u>	<u>\$ 1,699,172</u>

##### *Endowment and Investment Return Allocations*

Massachusetts state law allows the Club to appropriate as much of the appreciation of net assets with donor restrictions as is deemed prudent considering the Club's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

During fiscal years 2021 and 2020, the Board of Directors of the Club did not vote to approve a spending policy appropriation based on budgetary decisions.

The overall goal of the Club's endowment is to provide a level of support to the Club as determined by the spending policy and reach the objective of maintaining or enhancing purchasing power. The primary investment objective is to achieve a competitive total rate of return (realized and unrealized capital gains plus income, after fees) commensurate with prudent diversification and moderate risk. Consistent with this objective, the portfolio will be structured among various asset classes employing equity-based mutual funds for both growth of capital and income and fixed income based mutual funds for current income and relative price stability. The investment objectives for the endowment portfolio assets shall be to achieve an average annual rate of return of the Consumer Price Index plus 5%.

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

##### *Grants and Contributions*

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Club must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barriers or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Club should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. There were no conditional grants outstanding at June 30, 2021 and 2020.

Unconditional grants and contributions are recorded as services are provided and costs are incurred. Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when unconditionally received or pledged. Transfers are made to revenue and support and net assets without donor restrictions as services are provided and costs are incurred, or pro-rata over the period covered by the contribution or grant as time restrictions lapse. Donor restricted grants and contributions received and satisfied in the same year are included in net assets without donor restrictions.

##### *Contracts*

A portion of the Club's revenue is derived from cost-reimbursable and unit-rate government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Club has incurred expenditures in compliance with specific contract or grant provisions. These contracts and grants are considered nonreciprocal transactions because the Club's community and customers receive the benefit as a result of the assets transferred, accordingly they are recorded under Topic 958.

##### *Special Event Revenue*

The Club conducts fundraising events where the obligation is delivery of the event. Sponsorship tickets for these events are set by the Club and recorded in accordance with ASC Topic 606 and have not been allocated as the events are considered to be an obligation. Sponsorship tickets collected in advance of an event are initially recorded as deferred revenue (contract liabilities) and are only recognized in the accompanying statements of activities after delivery of the event has occurred. The events also receive event contributions from donors which are recorded as net assets without donor restrictions when received in accordance with ASC Topic 958.

##### *Program Service Fees*

The Club generally measures revenue for qualifying exchange transactions based on the amount of consideration the Club expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue as the Club satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Club evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

## **BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Revenue Recognition (Continued)**

##### *Program Service Fees (Continued)*

The Club enters into contracts with club members who pay for a portion of the services received which it records as an exchange transaction under ASC Topic 606. The Club recognizes revenue for the services as the performance obligations are satisfied. Revenue from contracts with customers is presented as program service fees in the accompanying statements of activities for the years ended June 30, 2021 and 2020.

At June 30, 2021, the Club's grants, contracts and other receivables consisted of \$1,399,347 of grants and contributions and \$83,304 from program service fees. At June 30, 2020, the Club's accounts receivable consisted of \$620,223 of grants and contributions and \$127,905 from program service fees.

All other income is recognized as earned.

#### **Donated Goods and Services**

The Club receives donated goods and services from various individuals or organizations for use in its programs and fundraising efforts. These goods and services are reflected in the accompanying financial statements at fair value as determined by management and the donors who contributed these goods and services. The donated goods associated with special events (see Note 9) are included in special events and contributions in the accompanying statements of activities for the years ended June 30, 2021 and 2020.

During fiscal years 2021 and 2020, the Club had volunteers who donated their time to the Club's program services. The value of these goods and services is not reflected in the accompanying financial statements, since the donations did not meet the criteria for recognition under U.S. GAAP.

#### **Statements of Activities**

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying statements of activities. Non-operating revenues (expenses) include endowment and investment activity, investment return on cash value of life insurance policies, capital campaign and capital grant activity, and donated property and equipment.

#### **Expense Allocation**

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentages attributable to program services, general and administrative and fundraising activities.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions; therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits which are allocated based on an estimate of time and level of effort spent on the Club's program and supporting functions, as well as occupancy which is allocated based on square footage of space that is occupied by each program or department.

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Advertising Costs

Advertising costs are expensed as incurred by the Club.

#### Income Taxes

The Club accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Club has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2021 and 2020. The Club's informational returns are subject to examination by Federal and state jurisdictions.

#### Subsequent Events

Subsequent events have been evaluated through November 2, 2021, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 3. INVESTMENTS AND ENDOWMENT

The Club's investments consist of the following at June 30:

<u>2021</u>	<u>Level 1</u>	<u>Alternative Investments</u>	<u>Total</u>
Money market funds	\$ 198,157	\$ -	\$ 198,157
Mutual funds:			
Equities	1,678,354	-	1,678,354
Fixed income	529,495	-	529,495
Non-marketable investments	<u>-</u>	<u>99,745</u>	<u>99,745</u>
Total investments	<u>\$ 2,406,006</u>	<u>\$ 99,745</u>	<u>\$ 2,505,751</u>
<u>2020</u>	<u>Level 1</u>	<u>Alternative Investments</u>	<u>Total</u>
Money market funds	\$ 141,199	\$ -	\$ 141,199
Mutual funds:			
Equities	1,352,777	-	1,352,777
Fixed income	377,058	-	377,058
Non-marketable investments	<u>-</u>	<u>199,000</u>	<u>199,000</u>
Total investments	<u>\$ 1,871,034</u>	<u>\$ 199,000</u>	<u>\$ 2,070,034</u>



## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 3. INVESTMENTS AND ENDOWMENT (Continued)

Investments in nonmarketable investments (alternative investments) qualify to use the measurement alternative defined as cost, less impairment, plus or minus changes resulting from observable price changes for identical or similar investments. These estimated values may differ significantly from the values that would have been used had a ready market existed for the underlying investments. During fiscal years 2021 and 2020, the Club recorded an impairment of its alternative investment totaling \$100,000 and \$74,000, respectively. These amounts were determined based on data provided by the asset manager. These amounts are included in net gain (loss) on investments in the accompanying statements of activities for the years ended June 30, 2021 and 2020.

The Club intends to hold the investments indefinitely. Accordingly, the investments are reflected as long-term assets in the accompanying statements of financial position regardless of maturity or liquidity. Investments are not insured and are subject to on-going market fluctuations.

The Board of Directors, through the Investment Committee, may employ the services of one or more investment managers to handle invested funds in accordance with these guidelines.

A reconciliation of endowment activity for fiscal years 2021 and 2020 is as follows:

Endowment net assets, June 30, 2019	\$ 1,319,127
Investment return, net	<u>28,923</u>
Endowment net assets, June 30, 2020	1,348,050
Investment return, net	<u>474,606</u>
Endowment net assets, June 30, 2021	<u>\$ 1,822,656</u>

### 4. CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES

The Club is the owner and beneficiary of two life insurance policies on a member of the Board of Directors with an aggregate face value of \$80,512. As of June 30, 2021 and 2020, the cash surrender value of the policies was \$110,053 and \$106,542, respectively. Investment return on cash value of life insurance policies totaled \$3,511 and \$4,138 for the years ended June 30, 2021 and 2020, respectively, and are included in non-operating revenues (expenses) in the accompanying statements of activities.

### 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 7,417,207	\$ 7,376,406
Furniture, vehicles and equipment	861,952	815,253
Land and land improvements	<u>578,105</u>	<u>578,105</u>
	8,857,264	8,769,764
Less - accumulated depreciation	<u>4,949,433</u>	<u>4,752,042</u>
Net property and equipment	<u>\$ 3,907,831</u>	<u>\$ 4,017,722</u>

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 6. LINE OF CREDIT

The Club has a \$250,000 line of credit agreement with a bank that renews annually. Borrowings are due on demand and interest is payable monthly at the bank's prime rate (3.25% at June 30, 2021 and 2020). There was no balance as of June 30, 2021 and 2020. The line of credit is secured by all business assets of the Club and was cross-collateralized and cross-defaulted with the note payable. The line of credit has various non-financial covenants in which the Club must comply. The Club was in compliance with these covenants at June 30, 2021 and 2020.

### 7. CONCENTRATIONS

#### FDIC Coverage

The Club maintains its cash balances in a Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Club has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

#### Commonwealth Funding

The Club receives funding under unit-rate contracts from departments within the Commonwealth of Massachusetts (the Commonwealth). These reimbursements are subject to audit by the Commonwealth. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Club at June 30, 2021 and 2020, or on its changes in net assets for the years then ended.

For the years ended June 30, 2021 and 2020, the Club received 6% and 9%, respectively, of its operating revenue and support without donor restrictions from various departments within the Commonwealth. As of June 30, 2021 and 2020, 2% and 6% of grants, contracts and other receivables was due from the Commonwealth, respectively.

#### Other Funding

As of June 30, 2021, 66% of grants, contracts and other receivables was due from one payer. As of June 30, 2020, 13% of grants, contracts and other receivables, was due from one payer.

### 8. DONATED GOODS AND SERVICES

The value of donated goods and services, excluding donated land, is as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Salaries	\$ 205,364	\$ 157,161
Rent	161,238	-
Professional services and technology	104,389	135,550
Special event advertising, raffle items and other (see Note 9)	63,458	74,779
Event tickets and program supplies	<u>21,642</u>	<u>46,933</u>
	<u>\$ 556,091</u>	<u>\$ 414,423</u>

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 9. SPECIAL EVENTS AND CONTRIBUTIONS, NET

Included in special events and contributions, net are the results of various special events that are held annually, which are shown net of related expenses in the accompanying statements of activities. Special event revenue and direct expenses are summarized as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Special events contributions	\$ 661,057	\$ 689,970
Special events donated goods (see Note 8)	63,458	74,779
Special events revenue	\$ 58,142	\$ 392,219
Less - direct expenses (including donated goods)	<u>(174,407)</u>	<u>(215,286)</u>
	<u>(116,265)</u>	<u>176,933</u>
Special events and contributions, net	<u>\$ 608,250</u>	<u>\$ 941,682</u>

The indirect expenses associated with special events are included in fundraising in the accompanying statements of functional expenses.

### 10. RELATED PARTY TRANSACTIONS

The spouse of the President/Chief Executive Officer (CEO) is the Senior Vice President of Education and Programming at the Club. The Senior Vice President of Education and Programming received compensation from the Club in the amount of approximately \$158,000 and \$139,000 for the years ended June 30, 2021 and 2020, respectively. Additionally, the President/CEO is a voting member of the Board of Directors. He is only compensated for his role as President/CEO.

The President/CEO and the Senior Vice President of Operations of the Club are also members of the Board of Directors of a foundation that provided support, both directly and indirectly, to the Club. For the years ended June 30, 2021 and 2020, the foundation contributed \$200,000 and \$225,000, respectively, which is included in Rodman Ride contributions in the accompanying statements of activities. These individuals abstain from any votes taken that pertain to funding for the Club.

The President/CEO is a voting Board member and a member of the Executive Committee of Rodman Ride. The Rodman Ride is a not-for-profit organization that provided support, both directly and indirectly, to the Club totaling \$576,496 and \$570,786 (including the \$200,000 and \$225,000 mentioned above pertaining to fiscal years 2021 and 2020, respectively) for the years ended June 30, 2021 and 2020, respectively.

### 11. EMPLOYEE BENEFIT PLAN

The Club participates in a safe harbor 401(k) plan (the Plan), administered by the Boys and Girls Club Pension Trust, a separate corporation. The Plan covers all employees who have completed one year of service, worked at least 1,000 hours, and reached the age of 21. Under the Plan, the participants may contribute the maximum allowable by law. The Club contributes 3% of each eligible employee's current earnings and will make a matching contribution of an employee's contribution up to 2% of current earnings. Matching contributions made by the Club fully vest after three years. During fiscal years 2021 and 2020, the Club made contributions totaling \$112,634 and \$104,098, respectively, which are included in employee benefits in the accompanying statements of functional expenses.

**BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**Notes to Financial Statements  
June 30, 2021 and 2020

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**12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Club's financial assets available within one year from the statements of financial position date for general operating expenses are as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 3,184,321	\$ 1,192,832
Current portion of pledges receivable	228,500	-
Current portion of grants, contracts and other receivables	<u>1,482,651</u>	<u>748,128</u>
Total financial assets and liquidity resources available	4,895,472	1,940,960
Less - current portion of donor restricted amounts pertaining to capital campaign and capital	<u>(1,095,767)</u>	<u>(50,004)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 3,799,705</u>	<u>\$ 1,890,956</u>

As part of the Club's liquidity management, the Club has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Club has a \$250,000 line of credit (see Note 6). The Club's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure unless appropriated for operations. The Club has approximately \$1,186,000 and \$722,000 of investments without donor restrictions as of June 30, 2021 and 2020, respectively. These amounts could be liquidated and utilized to support operations, if necessary, with the prior approval of the Board of Directors.

**13. NOTE PAYABLE**

During fiscal year 2020, the Club applied for and was awarded a forgivable loan of \$717,500 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during a covered period as defined in the CARES Act. Any repayment would have been deferred until December 2020, when the note, plus interest, would have been due in equal monthly payments through May 2022. There are no covenants with which to comply, and the note is not secured by any collateral as of June 30, 2020. The Club accrued interest of \$1,500 on the note payable as of and for the year ended June 30, 2020.

On November 11, 2020, the Club received notice from the Small Business Administration (SBA) of formal forgiveness of the PPP loan in full. The entire amount of the loan is recognized as debt forgiveness income in the accompanying statement of activities for the year ended June 30, 2021.

## BOYS AND GIRLS CLUBS OF DORCHESTER, INC.

Notes to Financial Statements  
June 30, 2021 and 2020

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### 14. CONTINGENCY

During fiscal year 2021, COVID-19 continued to be recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Club's operations and financial position. As a result, the adverse impact COVID-19 will have on the Club's businesses, operating results, cash flows and financial condition is uncertain, but the adverse impact could be material.

### 15. PLEDGES RECEIVABLE

Pledges receivable are due as follows:

<u>Amounts due in:</u>	
Less than one year	\$ 228,500
One to five years	<u>321,000</u>
	549,500
Less - current portion	<u>228,500</u>
Long-term pledges receivable, net	<u>\$ 321,000</u>

The Club has determined that calculating discount on long-term pledges receivable to net present value was not material to the financial statements at June 30, 2021.

### 16. EMPLOYER RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) was first established by the CARES Act and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first \$10,000 in qualified wages paid to each employee between March 12, 2020 and December 31, 2020 (2020 ERTC), and 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and December 31, 2021 (2021 ERTC). To be eligible, the Club must meet certain conditions as described in applicable laws and regulations.

The Club has determined that it qualifies for both the 2020 ERTC and a portion of the 2021 ERTC that pertains to January 1, 2021 to June 30, 2021, and therefore, is accounting for them as conditional grants under ASC Subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. In the opinion of management, these conditions were met as of June 30, 2021, and therefore, the entire refund of \$1,013,953 that the Club expects to receive is included in the current portion of grants, contracts and other receivables without donor restrictions in the accompanying statement of financial position and was recorded as grants and contributions in the accompanying statement of activities for the year ended June 30, 2021. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. In the opinion of management, the results of such reviews and audit will not have a material effect on the financial position of the Club as of June 30, 2021, and on the changes in its net assets for the year then ended.

## **BOYS AND GIRLS CLUBS OF DORCHESTER, INC.**

Notes to Financial Statements  
June 30, 2021 and 2020

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### **17. CAPITAL CAMPAIGN**

During fiscal year 2021, the Club launched a capital campaign in collaboration with the Martin Richard Foundation with a goal of raising approximately \$45 million for the construction of the Martin Richard Dorchester Field House. The Club has raised approximately \$2.6 million towards the total capital campaign goal which includes construction of the field house for phase 1 and construction of a club house in phase 2. Of this amount, approximately \$503,000 is included in pledges receivable as of June 30, 2021, and is expected to be collected over the next five years.