

BOYS AND GIRLS CLUB OF GREATER
SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

Years Ended June 30, 2020 and 2019

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Independent Auditors' Report

To the Board of Governors of
Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries
Scottsdale, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries (the Organization, a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of net assets are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Fester & Chapman, PLLC

September 22, 2020

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,285,152	\$ 540,590
Investments	16,117,281	17,235,382
Receivables, net	80,084	344,526
Pledges receivable, current portion, net	221,946	204,000
Prepaid expenses		<u>52,924</u>
Total current assets	<u>18,704,463</u>	<u>18,377,422</u>
Pledges receivable, noncurrent portion, net	668,352	644,289
Investments, noncurrent portion	2,000,000	2,000,000
Property and equipment, net	<u>13,865,183</u>	<u>14,400,189</u>
 Total assets	 <u>\$ 35,237,998</u>	 <u>\$ 35,421,900</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 343,696	\$ 566,801
Other liabilities	174,156	410,939
Refundable advance	999,087	
Capital lease obligation, current portion	31,374	30,427
Notes payable, current portion	25,393	24,946
Lines of credit	591,300	765,300
Present value of annuity payments, current portion	<u>7,586</u>	<u>7,586</u>
Total current liabilities	<u>2,172,592</u>	<u>1,805,999</u>
Capital lease obligation, net of current portion	35,092	66,466
Notes payable, net of current portion	74,436	99,830
Present value of annuity payments, net of current portion	<u>63,753</u>	<u>67,058</u>
Total liabilities	<u>2,345,873</u>	<u>2,039,353</u>
Net assets:		
Without donor restrictions	30,229,627	32,468,483
With donor restrictions	<u>2,662,498</u>	<u>914,064</u>
Total net assets	<u>32,892,125</u>	<u>33,382,547</u>
 Total liabilities and net assets	 <u>\$ 35,237,998</u>	 <u>\$ 35,421,900</u>

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support, revenue and losses:			
Contributions and grants	\$ 2,627,008	\$ 2,074,754	\$ 4,701,762
Program service fees, net	2,413,098		2,413,098
Special events, net of direct donor benefits of \$347,204	593,126		593,126
Donated services, materials and facilities	54,757		54,757
Thrift store	212,630		212,630
Investment losses	(92,862)	(97)	(92,959)
Miscellaneous	66,229		66,229
Released from restrictions	<u>326,223</u>	<u>(326,223)</u>	
Total support, revenue and losses	6,200,209	1,748,434	7,948,643
Expenses:			
Comprehensive youth development	6,628,292		6,628,292
Management and general	1,081,221		1,081,221
Fundraising	<u>729,552</u>		<u>729,552</u>
Total expenses	<u>8,439,065</u>		<u>8,439,065</u>
Change in net assets	(2,238,856)	1,748,434	(490,422)
Net assets, beginning of year	<u>32,468,483</u>	<u>914,064</u>	<u>33,382,547</u>
Net assets, end of year	<u>\$ 30,229,627</u>	<u>\$ 2,662,498</u>	<u>\$ 32,892,125</u>

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support, revenue and gains:			
Contributions and grants	\$ 4,128,317	\$ 179,663	\$ 4,307,980
Program service fees, net	3,308,058		3,308,058
Special events, net of direct donor benefits of \$304,684	902,334		902,334
Donated services, materials and facilities	579,999		579,999
Thrift store	276,927		276,927
Investment income	843,956	18,004	861,960
Miscellaneous	107,528		107,528
Net assets released from restrictions	<u>272,762</u>	<u>(272,762)</u>	
Total support, revenue and gains	10,419,881	(75,095)	10,344,786
Expenses:			
Comprehensive youth development	7,664,043		7,664,043
Management and general	926,555		926,555
Fundraising	<u>1,076,473</u>		<u>1,076,473</u>
Total expenses	<u>9,667,071</u>		<u>9,667,071</u>
Change in net assets	752,810	(75,095)	677,715
Net assets, beginning of year	<u>31,715,673</u>	<u>989,159</u>	<u>32,704,832</u>
Net assets, end of year	<u>\$ 32,468,483</u>	<u>\$ 914,064</u>	<u>\$ 33,382,547</u>

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services	Supporting Services		Total
	Comprehensive Youth Development	Management and General	Fundraising	
Salaries	\$ 3,057,473	\$ 593,287	\$ 520,349	\$ 4,171,109
Employee benefits	339,962	98,127	64,969	503,058
Payroll taxes	284,280	66,866	37,026	388,172
Contracted professional services	195,584	117,952	22,820	336,356
Occupancy	498,480	16,403	4,383	519,266
Contracted services/leases	376,796	4,531	4,921	386,248
Office supplies	13,644	8,983	479	23,106
Computer equipment services	23,115	5,037	497	28,649
Postage and shipping	1,249	2,128	3,435	6,812
Printing and promotions	7,269	11,778	15,746	34,793
Program supplies	530,601			530,601
Program awards and scholarships	51,876	79		51,955
Meetings and conferences	5,768	12,913	16,515	35,196
Travel	13,185	19	1,119	14,323
Local transportation	63,314	4,080	76	67,470
Dues, fees, and subscriptions	79,289	53,249	7,255	139,793
Insurance	165,852	16,949		182,801
Banking and merchant fees	55,430	11,592	13,495	80,517
Interest	21,973	34,486	4,039	60,498
Donated services and materials	54,757			54,757
Bad debts	60,169			60,169
Miscellaneous	2,921	105	12,428	15,454
Depreciation and amortization	725,305	22,657		747,962
Total expenses	<u>\$ 6,628,292</u>	<u>\$ 1,081,221</u>	<u>\$ 729,552</u>	<u>\$ 8,439,065</u>

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		
	Comprehensive Youth Development	Management and General	Fundraising	Total
Salaries	\$ 3,664,727	\$ 445,514	\$ 512,120	\$ 4,622,361
Employee benefits	409,038	51,248	100,261	560,547
Payroll taxes	340,606	33,131	38,635	412,372
Contracted professional services	324,337	146,618	16,211	487,166
Occupancy	466,776	39,755	30,889	537,420
Contracted services/leases	378,378	28,224	19,176	425,778
Office supplies	16,340	8,817	2,480	27,637
Computer equipment services	41,687	2,577	4,303	48,567
Postage and shipping	3,471	2,327	4,259	10,057
Printing and promotions	6,805	916	26,713	34,434
Program supplies	746,427			746,427
Program awards and scholarships	34,421	51	57	34,529
Meetings and conferences	12,122	22,834	29,529	64,485
Travel	13,742	7,854	8,486	30,082
Local transportation	104,341	463	144	104,948
Dues, fees, and subscriptions	52,575	26,506	26,815	105,896
Insurance	129,388	16,367	6,454	152,209
Banking and merchant fees	40,276	21,936	14,345	76,557
Interest	16,954	27,025	528	44,507
Donated services and materials	43,483	7,850	234,649	285,982
Bad debts	81,979			81,979
Miscellaneous	16,224	15,773	9	32,006
Depreciation and amortization	719,946	20,769	410	741,125
	<u>719,946</u>	<u>20,769</u>	<u>410</u>	<u>741,125</u>
Total expenses	<u>\$ 7,664,043</u>	<u>\$ 926,555</u>	<u>\$ 1,076,473</u>	<u>\$ 9,667,071</u>

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (490,422)	\$ 677,715
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Provision for bad debts	60,169	81,979
Depreciation and amortization	747,962	741,125
Net losses on investments	92,959	324,911
Contributions of property and equipment		(295,137)
Changes in assets and liabilities:		
Receivables	229,273	94,595
Pledges receivable, net	(67,009)	(821,989)
Prepaid expenses	52,924	(20,108)
Accounts payable and accrued liabilities	(223,105)	(181,061)
Other liabilities	(236,783)	161,426
Refundable advance	999,087	
Present value of annuity payments	(3,305)	(3,367)
Net cash provided by operating activities	<u>1,161,750</u>	<u>760,089</u>
Cash flows from investing activities:		
Purchases of property and equipment	(212,956)	(29,202)
Purchases of investments	(165,000)	(1,463,000)
Proceeds from sales of investments	1,190,142	761,467
Net withdrawals of restricted cash		<u>64,283</u>
Net cash provided (used) by investing activities	<u>812,186</u>	<u>(666,452)</u>
Cash flows from financing activities:		
Payments of capital lease obligations	(30,427)	(29,508)
Net payments on lines of credit	(174,000)	(34,700)
Proceeds from notes payable		62,000
Payments on notes payable	(24,947)	(20,382)
Net cash used by financing activities	<u>(229,374)</u>	<u>(22,590)</u>
Net increase in cash	1,744,562	71,047
Cash, beginning of year	540,590	469,543
Cash, end of year	<u>\$ 2,285,152</u>	<u>\$ 540,590</u>
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid for interest	\$ 60,498	\$ 44,507
<u>Supplemental disclosure of noncash investing and financing transactions:</u>		
Transfer of split-interest agreement funds to investments	\$	\$ 843,644

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Boys and Girls Club of Greater Scottsdale, Inc. (the Clubs) is an Arizona Corporation formed in June 1954 to promote the physical, mental, and moral well-being of boys and girls by providing education, recreation, and guidance. On December 22, 2011, the Clubs formed Boys and Girls Clubs of Greater Scottsdale Youth, LLC, with the Clubs as the sole member, which was formed to hold certain club assets in order to qualify for the working poor tax credit. On January 5, 2018, the Clubs formed Boys and Girls Clubs of Greater Scottsdale Foster Children, LLC with the Clubs as the sole member, which was formed to hold certain club assets in order to be a qualifying foster care charitable organization and receive Arizona tax credit contributions. The Clubs operate several facilities in Scottsdale: the Virginia G. Piper Branch, the Hartley and Ruth Barker Branch, the Thunderbirds Branch, Charros Branch (closed in July 2020), the Vester Branch in Phoenix, and the McKee Branch in Fountain Hills. The Clubs are also involved in the Red Mountain and Lehi facilities in conjunction with the Salt River Pima-Maricopa Indian Community and the Peach Springs Branch in conjunction with the Hualapai tribal community. The Clubs serve approximately 12,800 boys and girls including approximately 6,200 in their after school and summer day camp programs. The Clubs also operate a thrift store in Scottsdale for fundraising purposes.

Boys and Girls Clubs of Greater Scottsdale Foundation (the Foundation) was incorporated in January 1994 with the Clubs as the sole member of the Foundation. The Foundation was organized to manage investment funds, with the income to be used for the benefit of the Clubs. On December 28, 2017, the Foundation formed BGCGSF Apache Holdings, LLC with the Foundation as the sole member, which was formed to hold title to contributed land.

The significant policies followed by the Clubs, the Foundation, and wholly-owned subsidiaries (collectively referred to herein as the Organization) are as follows:

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Boys and Girls Club of Greater Scottsdale, Inc.; Boys and Girls Club of Greater Scottsdale Youth, LLC; Boys and Girls Clubs of Greater Scottsdale Foster Children, LLC; BGCGSF Apache Holdings, LLC; and Boys and Girls Clubs of Greater Scottsdale Foundation. All of the financial activities and balances of these organizations are included in these consolidated financial statements. All significant interorganization accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, requiring the Organization to report information regarding its financial position and activities according into two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the restricted stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as net assets without donor restrictions.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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

Cash and cash equivalents may, at times, include cash equivalents, which consist of highly liquid investments with original maturities of three months or less when acquired.

Receivables, Net

Receivables consist primarily of amounts due from various agencies and individuals and are unsecured. Accounts receivable are stated at the amount management expects to collect. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management provides for probable, uncollectible amounts through a charge to operations and a credit to a valuation allowance based on the assessment of the current status of individual balances. Management reviews all accounts receivable balances monthly and based on an assessment of creditworthiness, and estimates the portion, if any, of the balances that will not be collected. The Organization considers all receivables past due over 90 days to be delinquent. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a decrease to accounts receivable. The carrying value of receivables is reduced by a valuation allowance of \$20,723 and \$25,000 at June 30, 2020 and 2019, respectively, that reflects management's best estimate of amounts that will not be collected.

Pledges Receivable, Net

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Monies received pursuant to conditional promises are reflected as deferred revenue. Unconditional promises to give that are to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates as determined by management, applicable to the years in which the promises are received. Amortization of the discounts is included in contribution support. The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advance

Refundable advances include payments received prior to the Organization meeting the conditions required to earn the contribution or grant, in accordance with FASB ASC Subtopic 958-605. The Organization's refundable advance consists of proceeds from the Paycheck Protection Program (PPP Loan) administered by the U.S. Small Business Administration, which will be recognized as revenue when the pass-through lender has approved its loan forgiveness application. Any amounts not approved for forgiveness will be subject to repayment over two years at 1% interest. The PPP Loan is uncollateralized and is fully guaranteed by the Federal government.

Special Events Revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits. All proceeds received in excess of the direct donor benefits are recorded as gross profit from special events in the accompanying consolidated statements of activities.

Grants

The Organization receives various grants from different sources to perform specific services. The Organization recognizes revenue from these grants as services are provided. Deferred revenues are recorded when cash advances exceed amounts earned, if any.

Investments

Investments, consisting primarily of equities and mutual funds with readily determinable market values are measured at fair value as of year-end in the consolidated statements of financial position. Investment income or losses (including realized and unrealized gains and losses on investments, interest, dividends and fees) are recognized in the consolidated statements of activities.

Property and Equipment

Purchased property and equipment costing \$2,500 or more are recorded at cost, or if donated, at the estimated fair value at the date of the gift to the Organization. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Maintenance and repairs are charged to operations when incurred. The Organization depreciates its property and equipment over the estimated useful lives of the assets using the straight-line method as follows:

Buildings and building improvements	5-40 years
Leasehold improvements	Lesser of the estimated useful life or remaining lease term
Furniture and equipment	2-10 years
Vehicles	5 years
Assets held under capital lease obligations	Lesser of the estimated useful life or remaining lease term

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are reported in accordance with the FASB ASC subtopic of *Revenue Recognition for Not-for-Profit Entities*. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. 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.

Program Service Fees, Net

The Organization records revenues from program service fees over the applicable membership period. The unearned portion of the program service fees is recorded in other liabilities at June 30, 2020 and 2019, in the accompanying consolidated statements of financial position. Program service fees are presented net of scholarships provided to qualifying participants totaling \$994,005 and \$1,202,587 during the years ended June 30, 2020 and 2019, respectively.

Donated Services and Material

Donated materials are recognized as contributions if the services (a) create or enhance nonfinancial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization utilizes the services of volunteers to perform a variety of tasks that assist the Organization with specific programs. This support has not been recorded, as it does not meet the recognition criteria; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and fundraising campaigns. During 2020 and 2019, the Organization received the following donations:

	<u>Used for:</u>	<u>2020</u>	<u>2019</u>
Services and materials	Programs	\$ 54,757	\$ 284,862
Property and equipment	Programs		<u>295,137</u>
Total		<u>\$ 54,757</u>	<u>\$ 579,999</u>

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities, and allocated among program and supporting services benefited in the consolidated statements of functional expenses.

Income Tax Status

The Clubs and Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code), and accordingly, there is no provision for income taxes in the accompanying consolidated financial statements. In addition, the Clubs and Foundation qualify for the charitable contribution deduction under Section 170 of the Code and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income (UBTI) would be taxable. The Organization's wholly-owned LLCs are considered disregarded entities for income tax purposes.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Market Risk

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying consolidated financial statements

Concentrations

The Organization's cash and cash equivalents and investments on deposit at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC), or covered under the Securities Investor Protection Corporation (SIPC). Balances may at times exceed insured amounts; however, the Organization manages the concentration of credit risk by maintaining deposits in multiple financial institutions. During the year ended June 30, 2020, the Organization received a donor-restricted contribution of \$1.5 million from one donor, which represents 19% of total revenue and support.

Reclassifications

Certain items in the prior year consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on total assets or changes in net assets as previously reported.

Change in Accounting Principle

On June 21, 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction by clarifying how a not-for-profit organization determines whether a resource provider is participating in an exchange transaction. The adoption of ASU 2018-08 had no material impact on the financial statements for the years ended June 30, 2020 and 2019.

Financial Impact of COVID-19

The effects of the novel coronavirus ("COVID-19") pandemic have impacted and continue to impact the financial condition of the Organization. All clubs were closed on March 18, 2020 as a result of guidelines released by the Centers for Disease Control and Prevention ("CDC") at the time. The Organization reopened five clubs on May 18, 2020 with limits on attendance and with additional COVID-19 related precautions in place, all clubs located within tribal communities remained closed as of June 30, 2020. The Clubs have implemented various measures to ensure safe operating conditions for all youth and employees. These measures include a face mask requirement for all youth and staff while in our facilities, daily temperature checks prior to entering our facilities and enhanced cleaning performed at regular intervals throughout the day. The Organization continues to follow all guidelines and recommendations of the CDC and the Arizona Department of Health and works closely with local health officials to maintain a safe environment for youth and staff. The Organization expects to continue these preventative measures in response to COVID-19 well into the fiscal year ending June 30, 2021. While the ultimate financial impact is unknown, the organization expects COVID-19 to continue to have a material impact on its' financial performance.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of its fiscal year end to fund expenses without limitations:

	<u>2020</u>	<u>2019</u>
Financial assets included in current assets:		
Cash and cash equivalents	\$ 2,285,152	\$ 540,590
Investments	16,117,281	17,235,382
Receivables, net	80,084	344,526
Pledges receivable, current portion, net	<u>221,946</u>	<u>204,000</u>
Total financial assets	18,704,463	18,324,498
Less amounts unavailable for general expenditure within one year:		
Donor restricted for purpose or time	(2,442,963)	(660,946)
Donor restricted in perpetuity	<u>(219,535)</u>	<u>(253,118)</u>
Total donor restricted amounts	<u>(2,662,498)</u>	<u>(914,064)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,041,965</u>	<u>\$ 17,410,434</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, and other revenues; by utilizing donor-restricted resources from current and prior years gifts; and by appropriating the investment return on its donor-restricted endowments, as needed. The Organization also has lines of credit available to cover operating expenditures (See Note 6).

NOTE 3 - PLEDGES RECEIVABLE, NET

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

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 226,335	\$ 204,000
Due within two to five years	610,000	575,000
Due in more than five years	<u>250,000</u>	<u>375,000</u>
	1,086,335	1,154,000
Discount to adjust to net present value	(190,648)	(202,693)
Allowance for doubtful pledges	<u>(5,389)</u>	<u>(103,018)</u>
Total pledges receivable, net	<u>\$ 890,298</u>	<u>\$ 848,289</u>

Pledges receivable due in more than one year are discounted at 5.0% in the year that the unconditional promise to give is made to the Organization. At June 30, 2020 and 2019, 96% and 85%, respectively, of the Organization's pledges receivable was due from one donor.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions. At June 30, 2020 and 2019 the Organization did not have any financial instruments based on Level 3 inputs.

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

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following were the fair value of assets measured at fair value on a recurring basis at June 30, 2020:

	<u>Total</u>	<u>Level 1</u>
<u>Investments:</u>		
Mutual funds:		
International equities	\$ 1,116,209	\$ 1,116,209
Large cap	3,578,477	3,578,477
Mid cap	3,321,557	3,321,557
Small cap	1,123,934	1,123,934
Emerging markets	1,672,031	1,672,031
Alternative assets:		
Hedge funds	880,429	880,429
Commodities	923,469	923,469
Debt securities:		
Investment grade taxable	3,487,557	3,487,557
International bonds	193,510	193,510
Global high yield taxable	33,480	33,480
Other	77,764	77,764
Cash equivalents	<u>1,708,864</u>	<u>1,708,864</u>
Total investments	<u>\$ 18,117,281</u>	<u>\$ 18,117,281</u>

The following were the fair value of assets measured at fair value on a recurring basis at June 30, 2019:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
<u>Investments:</u>			
Mutual funds:			
Intermediate duration - fixed income	\$ 1,043,533	\$ 1,043,533	
International equities	3,961,398	3,961,398	
Large cap	5,772,100	5,772,100	
Mid cap	1,343,958	1,343,958	
Small cap	495,342	495,342	
Alternative assets:			
Hedge funds	305,372	305,372	
Real estate and infrastructure	325,267	325,267	
Hard assets	323,419	323,419	
Private equity instruments	76,959		\$ 76,959
Debt securities:			
Corporate bonds	2,404,839		2,404,839
Government and agency bonds	1,217,672		1,217,672
International bonds	256,242		256,242
Mortgage and asset backed bonds	959,022		959,022
Other	125,736		125,736
Cash	<u>624,523</u>	<u>624,523</u>	
Total investments	<u>\$ 19,235,382</u>	<u>\$ 14,194,912</u>	<u>\$ 5,040,470</u>

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 5 - PROPERTY AND EQUIPMENT, NET

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

	2020	2019
Land	\$ 1,143,074	\$ 1,143,074
Buildings and building improvements	19,770,065	19,624,972
Leasehold improvements	149,850	149,850
Furniture and equipment	1,741,351	2,010,858
Vehicles	1,457,898	1,460,630
Assets held under capital lease obligation	152,000	152,000
Use of land	<u>56,972</u>	<u>56,972</u>
	24,471,210	24,598,356
Accumulated depreciation and amortization	<u>(10,606,027)</u>	<u>(10,198,167)</u>
Property and equipment, net	<u>\$ 13,865,183</u>	<u>\$ 14,400,189</u>

Depreciation and amortization expense charged to operations was \$747,962 and \$741,125, for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 - LINES OF CREDIT

The Clubs have a line of credit with a bank with an available limit of \$300,000. The line of credit does not have a maturity date and is due on demand. Interest is payable monthly at 0.35% above Prime Rate (3.60% at June 30, 2020 and 5.85% at June 30, 2019). At June 30, 2019 the Clubs had an outstanding balance of \$100,000 on the line of credit. There was no amount outstanding under the line of credit at June 30, 2020. Interest expense incurred for the line of credit was \$8,811 and \$1,951, for the years ended June 30, 2020 and 2019, respectively.

At June 30, 2019, the Foundation had a line of credit with a bank with an available limit of \$2,000,000 with monthly interest due at LIBOR plus 1.90% (4.25% at June 30, 2019). In February 2020, the Foundation replaced that line of credit with a revolving \$5 million line of credit with another bank, with interest due monthly at LIBOR plus .75% (.91% at June 30, 2020). The line is secured by deposits and equity investments held by the Foundation. \$591,300 and \$665,300 was outstanding on the lines of credit at June 30, 2020 and 2019, respectively, and interest expense incurred for the lines of credit was \$27,873 and \$31,909, for the years ended June 30, 2020 and 2019, respectively.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 7 - NOTES PAYABLE

Notes payable consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
\$62,000 unsecured note payable to the City of Scottsdale for its share of a roof repair on the Colorado Community Center, due in 60 monthly principal and interest payments of \$1,033, including interest at 3.5%, maturing in December 2023.	\$ 41,333	\$ 53,733
\$125,000 unsecured note payable to the City of Scottsdale for the replacement of an HVAC system, due in 120 monthly principal and interest payments of \$1,236, including interest at 3.5%, maturing in August 2024.	<u>58,496</u>	<u>71,043</u>
	99,829	124,776
Less current maturities	<u>(25,393)</u>	<u>(24,946)</u>
	<u>\$ 74,436</u>	<u>\$ 99,830</u>

Future maturities of long-term debt are as follows for the years ending June 30:

2021	\$ 25,393
2022	25,854
2023	26,333
2024	18,563
2025	<u>3,686</u>
Total future maturities	<u>\$ 99,829</u>

Interest expense incurred for long-term debt was \$3,968 and \$4,079 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 - CAPITAL LEASE

Effective August 2017, the Clubs entered into a five year, noncancelable, capital lease agreement for copiers, which expires in July 2022. The lease requires monthly payments of \$2,748 at an effective interest rate of 3.07% totaling \$164,880 over the five-year period. The leased equipment had a cost of \$152,000 and accumulated depreciation of \$91,200 as of June 30, 2020. Interest expense incurred for the capital lease was \$2,549 and \$3,468 for the years ended June 30, 2020 and 2019, respectively. The future minimum lease payments and capital lease obligations under the capital lease are as follows:

Years ending June 30:	
2021	\$ 32,976
2022	32,976
2023	<u>2,748</u>
	68,700
Less: amount representing interest	<u>(2,234)</u>
Present value of net minimum lease payments	<u>\$ 66,466</u>

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 28,229,627	\$ 30,468,483
Board designated for long-term investments	<u>2,000,000</u>	<u>2,000,000</u>
Total net assets without donor restrictions	<u>\$ 30,229,627</u>	<u>\$ 32,468,483</u>

The By-laws of the Foundation designated \$2,000,000 of the net assets without donor restrictions to be used as an endowment. The designated amount is only to be used for investment purposes, the income of which is for the benefit of the Clubs. The amount can be changed only by a two-thirds vote of the Board of Trustees of the Foundation.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Back to school shopping	\$ 56,365	\$ 134,135
Hualapai Club operation	182,689	309,923
STEAM Makerspace campaign	1,923,000	
Scholarship funds	142,900	102,632
Programs - other	85,256	85,256
Time restrictions:		
United Way	52,754	29,000
Endowments	<u>219,534</u>	<u>253,118</u>
Total net assets with donor restrictions	<u>\$ 2,662,498</u>	<u>\$ 914,064</u>

Net assets of \$326,223 and \$272,762, were released from restrictions during the years ended June 30, 2020 and 2019, respectively, related to the fulfillment of program and time restrictions.

NOTE 11 - ENDOWMENTS

The Organization's endowments consists of one board designated fund and one individual donor-restricted fund. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. In September 2008, the State of Arizona enacted ARS§ 10-1180 et seq Management of Charitable Funds Act (MCFA).

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors, and the donor's intent that the fund continue in perpetuity.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 11 - ENDOWMENTS (CONTINUED)

The Organization classifies as net assets with donor restrictions (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. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

In accordance with MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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) the Organization's other resources, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that consists of equity-based investments, corporate and municipal bonds, and money market accounts.

The Organization's annual appropriations are at the discretion of the Organization's Board of Governors unless specific instructions are provided by the endowment donors.

Endowment net asset composition by type of fund as of June 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board restricted	\$ 2,000,000		\$ 2,000,000
Donor-restricted		\$ 219,535	219,535
Total	<u>\$ 2,000,000</u>	<u>\$ 219,535</u>	<u>\$ 2,219,535</u>

The changes in endowment net assets for the year ended June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 2,000,000	\$ 253,118	\$ 2,253,118
Contributions	48,937		48,937
Released from restrictions		(33,486)	(33,486)
Investment losses	(48,937)	(97)	(49,034)
Endowment net assets - end of year	<u>\$ 2,000,000</u>	<u>\$ 219,535</u>	<u>\$ 2,219,535</u>

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 11 - ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board restricted	\$ 2,000,000		\$ 2,000,000
Donor-restricted		\$ 253,118	253,118
Total	<u>\$ 2,000,000</u>	<u>\$ 253,118</u>	<u>\$ 2,253,118</u>

The changes in endowment net assets for the year ended June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 2,000,000	\$ 232,614	\$ 2,232,614
Contributions		15,000	15,000
Released from restrictions		(12,500)	(12,500)
Investment income	88,863	18,004	106,867
Appropriation of assets for expenditure	(88,863)		(88,863)
Endowment net assets - end of year	<u>\$ 2,000,000</u>	<u>\$ 253,118</u>	<u>\$ 2,253,118</u>

The nature of these restrictions are as follows at June 30:

	<u>2020</u>	<u>2019</u>
The portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or MCFA	\$ 202,712	\$ 202,712
Subject to time restrictions under MCFA	<u>16,823</u>	<u>50,406</u>
Total donor restricted endowments	<u>\$ 219,535</u>	<u>\$ 253,118</u>

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 12 - OPERATING LEASES

The Organization leases equipment and related services under noncancelable operating leases expiring through September 2025. The minimum future rental commitments under these noncancelable operating leases are as follows for the years ending June 30:

2021	\$	66,107
2022		60,284
2023		60,284
2024		60,284
2025		58,168
Thereafter		<u>1,108</u>
Total minimum future rental payments	\$	<u><u>306,235</u></u>

Total rental expense under all leases with a term in excess of one year totaled \$37,856 and \$7,094 for the years ended June 30, 2020 and 2019, respectively. Certain leases do not contain renewal options; however, in the normal course of business, the Organization will either renew the leases or seek new arrangements.

The Organization also leases the land for four locations, the Virginia Piper and Administrative Center, Barker and Thunderbird branches from the City of Scottsdale with an additional lease for the McKee branch from the Town of Fountain Hills. The leases require payments \$1 each per year and expire at various dates through 2052. Certain of the land leases contain an option to renew for an additional term. At inception of each agreement, the Organization was required to construct new or refurbish existing buildings at the sole cost and expense of the Organization. Upon termination of the lease, all property constructed or improvements made by the Organization reverts to each lessor at no cost to the lessor.

The leases also included specific provisions granting the lessor access to and use of the constructed facilities at no cost to the lessor. The leases specifically contemplate the shared use of the facilities in exchange for the nominal cash rent payments. Based on the terms of the lease, the Organization is required to perform annually under the agreements. The Organization has recorded the fair value ascribed to the use of land over the term of the leases in the accompanying consolidated financial statements (See Note 5).

NOTE 13 - DEFINED CONTRIBUTION PLAN

The Organization sponsors a 401(k) plan (the Plan) covering substantially all employees who have completed 12 months of service and are age 21 or older. The Organization matches employee contributions at a rate of 100% up to 3% of their pay. The Organization contributed \$47,409 and \$60,008, for the years ended June 30, 2020 and 2019, respectively, to the Plan.

NOTE 14 - CONTINGENCIES

The Organization is subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of the claims cannot be predicted with certainty, management does not believe that the outcome of any of these matters will have a material adverse effect on the Organization's financial position, results of operations or cash flows.

BOYS AND GIRLS CLUB OF GREATER SCOTTSDALE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 22, 2020, the date the Organization's financial statements were issued, and has concluded that no events have occurred since the year ended June 30, 2020, that would require an adjustment to the financial statements.

SUPPLEMENTARY INFORMATION

Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2020

	<u>Clubs and Subsidiaries</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,190,082	\$ 95,070		\$ 2,285,152
Investments		16,117,281		16,117,281
Receivables, net	80,084			80,084
Due from related party		599,533	\$ (599,533)	
Pledges receivable, current portion	<u>176,335</u>	<u>45,611</u>		<u>221,946</u>
Total current assets	2,446,501	16,857,495	(599,533)	18,704,463
Pledges receivable, noncurrent portion, net	566,352	102,000		668,352
Investments, noncurrent portion		2,000,000		2,000,000
Property and equipment, net	<u>13,856,183</u>	<u>9,000</u>		<u>13,865,183</u>
Total assets	<u>\$ 16,869,036</u>	<u>\$ 18,968,495</u>	<u>\$ (599,533)</u>	<u>\$ 35,237,998</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 323,702	\$ 19,994		\$ 343,696
Due to related party	599,533		\$ (599,533)	
Other liabilities	174,156			174,156
Refundable advance	999,087			999,087
Capital lease obligation, current portion	31,374			31,374
Notes payable, current portion	25,393			25,393
Lines of credit		591,300		591,300
Present value of annuity payments, current portion		<u>7,586</u>		<u>7,586</u>
Total current liabilities	2,153,245	618,880	(599,533)	2,172,592
Capital lease obligation, net of current portion	35,092			35,092
Notes payable, net of current portion	74,436			74,436
Present value of annuity payments, net of current portion		<u>63,753</u>		<u>63,753</u>
Total liabilities	2,262,773	682,633	(599,533)	2,345,873
Net assets:				
Without donor restrictions:	12,413,300	17,816,328		30,229,628
With donor restrictions	<u>2,192,963</u>	<u>469,534</u>		<u>2,662,497</u>
Total net assets	<u>14,606,263</u>	<u>18,285,862</u>		<u>32,892,125</u>
Total liabilities and net assets	<u>\$ 16,869,036</u>	<u>\$ 18,968,495</u>	<u>\$ (599,533)</u>	<u>\$ 35,237,998</u>

The accompanying notes are an integral part of these statements.

Boys and Girls Club of Greater Scottsdale, Inc. and Subsidiaries

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Clubs and Subsidiaries		Foundation		Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Support, revenue and losses:						
Contributions and grants	\$ 3,476,924	\$ 1,824,754	\$ 58,476	\$ 250,000	\$ (908,392)	\$ 4,701,762
Program service fees, net	2,413,098					2,413,098
Special events, net of direct donor benefits of \$347,204	593,126					593,126
Donated services, materials and facilities	54,757					54,757
Thrift store	212,630					212,630
Investment losses			(64,989)	(97)	(27,873)	(92,959)
Miscellaneous	66,229					66,229
Net assets released from restrictions	<u>292,736</u>	<u>(292,736)</u>	<u>33,487</u>	<u>(33,487)</u>		
Total support, revenue and losses	7,109,500	1,532,018	26,974	216,416	(936,265)	7,948,643
Expenses:						
Comprehensive youth development	6,604,807		931,879		(908,392)	6,628,294
Management and general	1,078,498		30,604		(27,873)	1,081,229
Fundraising	<u>574,380</u>		<u>155,162</u>			<u>729,542</u>
Total expenses	<u>8,257,685</u>		<u>1,117,645</u>		<u>(936,265)</u>	<u>8,439,065</u>
Change in net assets	(1,148,185)	1,532,018	(1,090,671)	216,416		(490,422)
Net assets, beginning of year	<u>13,561,485</u>	<u>660,945</u>	<u>18,906,999</u>	<u>253,118</u>		<u>33,382,547</u>
Net assets, end of year	<u>\$ 12,413,300</u>	<u>\$ 2,192,963</u>	<u>\$ 17,816,328</u>	<u>\$ 469,534</u>	<u>\$</u>	<u>\$ 32,892,125</u>

The accompanying notes are an integral part of these statements.