

**Boys & Girls Clubs of Chaffee County**  
(A Colorado Non-profit Corporation)

Salida, Colorado

**Financial Statements**

**June 30, 2021 and 2020**

**BOYS & GIRLS CLUBS OF CHAFFEE COUNTY**

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**JUNE 30, 2021**

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# HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
Boys & Girls Clubs of Chaffee County

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

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

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

### ***Auditor's Responsibility***

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

*Hamblin and Associates*

Golden, Colorado  
October 16, 2021

## Basic Financial Statements

**BOYS & GIRLS CLUBS OF CHAFFEE COUNTY**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
Current Assets		
Cash and cash equivalents		
Undesignated	\$ 43,727	\$ 130,444
Board-designated	771,581	455,364
Donor restricted	474,676	287,002
Total Cash and equivalents	<u>1,289,984</u>	<u>872,810</u>
Accounts receivable	143,052	99
Grants receivable	18,130	1,789
Utility deposit	4,347	5,886
Prepays	50,000	-
Non-current receivables	301,075	-
Property and equipment, net	1,098,152	1,106,970
<b>Total Assets</b>	<b><u>\$ 2,904,740</u></b>	<b><u>\$ 1,987,554</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities		
Accounts payable	\$ 9,776	\$ 28,505
Accrued payroll liabilities	37,441	39,594
Current portion of debt	43,528	19,078
Total current liabilities	<u>90,745</u>	<u>87,177</u>
Long-term Liabilities		
PPP Loan (SBA)	-	85,098
Business Loan, non-current portion	451,472	823,141
Total Long-term Liabilities	<u>451,472</u>	<u>908,239</u>
<b>Total Liabilities</b>	<b><u>542,217</u></b>	<b><u>995,416</u></b>
<b>Net Assets</b>		
Without donor restrictions:		
Board-designated		
Board-designated building fund	218,899	-
Board-designated endowment	202,682	52,682
Board-designated operating reserve	350,000	350,000
Total Board-designated	<u>771,581</u>	<u>402,682</u>
Undesignated	672,139	302,454
Total without donor restrictions	<u>1,443,720</u>	<u>705,136</u>
With donor restrictions:		
Building fund	887,801	255,000
Endowment	2,002	2,002
Scholarships	29,000	30,000
Total with donor restrictions	<u>918,803</u>	<u>287,002</u>
<b>Total Net Assets</b>	<b><u>2,362,523</u></b>	<b><u>992,138</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,904,740</u></b>	<b><u>\$ 1,987,554</u></b>

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

**BOYS & GIRLS CLUBS OF CHAFFEE COUNTY**

**STATEMENT 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><u>Revenue, grants, and support</u></b>						
Grants:						
Foundations and trusts	\$ 189,622	\$ -	\$ 189,622	\$ 181,231	\$ -	\$ 181,231
Local government	32,250	-	32,250	45,500	-	45,500
State and Federal government	92,785	-	92,785	83,478	-	83,478
Membership dues and activity fees	77,565	-	77,565	48,660	-	48,660
Contributions:						
Community	-	-	-	12,239	-	12,239
Business and individual	232,286	1,156,709	1,388,995	56,491	266,290	322,781
End of Year Campaign	143,436	-	143,436	135,711	-	135,711
Special events	116,503	-	116,503	133,528	-	133,528
Interest income	2,109	-	2,109	5,753	1	5,754
Miscellaneous	85,943	-	85,943	275	-	275
Net assets released from restrictions	524,908	(524,908)	-	4,000	(4,000)	-
Total revenue, grants, and support	<u>1,497,407</u>	<u>631,801</u>	<u>2,129,208</u>	<u>706,866</u>	<u>262,291</u>	<u>969,157</u>
<b><u>Expenses</u></b>						
Program	507,502	-	507,502	517,593	-	517,593
Management and general	146,399	-	146,399	108,362	-	108,362
Fundraising	104,922	-	104,922	69,189	-	69,189
Total Expenses	<u>758,823</u>	<u>-</u>	<u>758,823</u>	<u>695,144</u>	<u>-</u>	<u>695,144</u>
Change in net assets	738,584	631,801	1,370,385	11,722	262,291	274,013
Net assets at beginning of year	705,136	287,002	992,138	693,414	24,711	718,125
Net assets at end of year	<u>\$ 1,443,720</u>	<u>\$ 918,803</u>	<u>\$ 2,362,523</u>	<u>\$ 705,136</u>	<u>\$ 287,002</u>	<u>\$ 992,138</u>

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

**BOYS & GIRLS CLUBS OF CHAFFEE COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2021 and 2020**

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 267,566	\$ 74,789	\$ 19,611	\$ 361,966	\$ 260,032	\$ 51,625	\$ 32,334	\$ 343,991
Pension Plans	5,317	-	-	5,317	3,237	2,263	-	5,500
Employee benefits	23,020	31,185	-	54,205	23,033	26,171	1,277	50,481
Payroll taxes	24,575	11,165	-	35,740	23,248	4,627	2,002	29,877
Professional & contract services:								
Legal	-	550	-	550	-	-	-	-
Accounting	-	6,300	-	6,300	-	6,200	-	6,200
Grant writing	29,850	-	-	29,850	25,275	-	-	25,275
Capital campaign	-	-	-	-	-	-	15,729	15,729
Other contract labor	-	-	-	-	3,750	-	-	3,750
Advertising and Promotion	-	1,565	11,320	12,885	3,252	-	-	3,252
Office Expenses	10,935	10,155	-	21,090	20,041	-	-	20,041
Information Technology	4,465	400	2,784	7,649	1,520	1,240	2,946	5,706
Occupancy expenses	56,462	818	-	57,280	71,956	2,944	-	74,900
Travel	180	443	-	623	2,654	8,330	30	11,014
Meetings	660	78	-	738	475	-	-	475
Depreciation	29,428	1,549	-	30,977	9,788	515	-	10,303
Insurance	5,570	1,092	-	6,662	4,645	3,263	-	7,908
Other Expenses								
Activities	45,761	-	-	45,761	35,083	-	-	35,083
Fundraising	-	-	71,207	71,207	-	-	14,871	14,871
Other capital campaign expenses	3,713	6,310	-	10,023	29,604	1,184	-	30,788
<b>Total expenses</b>	<b>\$ 507,502</b>	<b>\$ 146,399</b>	<b>\$ 104,922</b>	<b>\$ 758,823</b>	<b>\$ 517,593</b>	<b>\$ 108,362</b>	<b>\$ 69,189</b>	<b>\$ 695,144</b>
	67%	19%	14%		74%	16%	10%	

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

**BOYS & GIRLS CLUBS OF CHAFFEE COUNTY**

**STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Cash flows from operating activities</u></b>		
Cash received from grants	\$ 298,316	\$ 311,744
Cash received from contributions	1,070,919	555,901
Cash received from memberships	77,565	48,911
Cash received from special events	116,503	133,528
Interest received	2,109	5,754
Cash received from other sources	85,943	275
Cash paid for personnel	(459,381)	(440,141)
Cash paid for goods and services	<u>(320,324)</u>	<u>(232,780)</u>
Net cash provided (used) by operating activities	<u>871,650</u>	<u>383,192</u>
<b><u>Cash flows (to) from investing activities</u></b>		
Purchases of property and equipment	<u>(22,159)</u>	<u>(1,117,273)</u>
<b><u>Cash flows (to) from financing activities</u></b>		
Proceeds from issuance of note payable	495,000	850,000
Principal payments on notes	<u>(927,317)</u>	<u>(7,853)</u>
Net cash provided (used) by financing activities	<u>(432,317)</u>	<u>842,147</u>
Net increase (decrease) in cash & cash equivalents	417,174	108,066
Cash and cash equivalents at beginning of year	<u>872,810</u>	<u>764,744</u>
Cash and cash equivalents at end of year	<u>\$ 1,289,984</u>	<u>\$ 872,810</u>
Reconciliation of change in net assets to net cash Provided from operating activities:		
Change in net assets	\$ 1,370,385	\$ 274,013
Adjustments to reconcile change in net assets to net cash:		
Depreciation	30,977	10,303
Contributions restricted	-	85,170
(Increase) decrease in accounts receivable	(444,028)	251
(Increase) decrease in grants receivable	(16,341)	4,096
(Increase) decrease in utility deposits	1,539	(5,886)
(Increase) decrease in prepaid expenses	(50,000)	-
Increase (decrease) in accounts payable	(18,729)	22,212
Increase (decrease) in payroll liabilities	(2,153)	(4,406)
Increase (decrease) in unearned revenue	-	(2,561)
Total adjustments	<u>(498,735)</u>	<u>109,179</u>
Net cash provided (used) by operating activities	<u>\$ 871,650</u>	<u>\$ 383,192</u>

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



# Boys & Girls Clubs of Chaffee County

## Notes to the Financial Statements June 30, 2021

### Note 1 - Nature of the Organization

The Boys and Girls Clubs of Chaffee County, doing business as Boys & Girls Clubs of Chaffee County (the "Organization") is incorporated in the State of Colorado as a non-profit corporation, pursuant to Articles of Incorporation dated October 17, 2005. The Organization was established to support the positive growth and development of youth ages six to eighteen years of age.

The Organization's mission statement is "to inspire and empower all young people to reach their full potential as productive, responsible and caring citizens."

The Organization is currently governed by a board of 10 appointed voting directors and is staffed by a Chief Professional Officer, program staff, administrative staff, and approximately one hundred and fifty-five volunteers.

The Organization draws the majority of its revenue from contributions, memberships, grants, and special events. The Organization has locations in Salida and Buena Vista, Colorado.

### Note 2 - Significant Accounting Policies

#### A. Basis of Accounting

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

#### B. Basis of Presentation

The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to donor imposed restrictions. The two net asset categories are as follows:

*Without donor restrictions.* Net assets that are not subject to donor-imposed stipulations.

*With donor restrictions.* Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time, or are maintained permanently by the Organization. Once a donor stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of net assets without donor restrictions.

# Boys & Girls Clubs of Chaffee County

## Notes to the Financial Statements June 30, 2021

### Note 2 - Significant Accounting Policies (continued)

#### C. Contributions and Promises to Give

Contributions received and unconditional promises to give (pledges) are measured at their fair values, recorded as contribution revenue, and are reported as an increase in net assets. Contribution revenue from pledges is recorded when the pledge is made, not necessarily when the related cash is received. Donor-restricted contribution (purpose or time restrictions) revenues are reported as increases in net assets "with donor restrictions". When a restriction expires or its conditions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions by "release of restrictions" on the statement of activities.

#### D. Contributed Services and Supplies.

Non-monetary donations of goods and services are accepted and recorded at their fair values when received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or are considered to be professional services which the Organization would otherwise be required to purchase. Total donated goods and services for the years ended June 30, 2021 and 2020 totaled \$0 and \$0, respectively.

#### E. Cash and Cash Equivalents

The Organization considers all checking, savings, and money market accounts, as well as all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purpose of the Statement of Cash Flows.

#### F. Investments

Investments in marketable securities with readily determinable fair values and any investments in debt securities are reported at their fair values in the statement of financial position.

**Fair Value Measurements.** The 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 under FASB ASC 820 are described below:

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; and
- 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.

# Boys & Girls Clubs of Chaffee County

## Notes to the Financial Statements June 30, 2021

### Note 2 - Significant Accounting Policies (continued)

#### F. Investments (continued)

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

The valuation methodology may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### G. Allowance for Doubtful Accounts

The Organization uses the allowance method for recognition of uncollectible receivables, whereby an allowance is established when collectability becomes doubtful. No allowance for doubtful accounts was required as of June 30, 2021, as all amounts were considered collectible or immaterial.

#### H. Capital Assets

Capital assets are defined by the Organization as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at fair market value when received. Purchased capital assets are recorded at historical cost. No amounts have been reflected in the financial statements for capital assets since they do not meet the definition for capitalization.

#### I. Income Taxes

The Organization is a non-profit organization as described in Section 501 (c) (3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose. The Organization is current in filings of the required information returns of an organization exempt from income tax for tax years 2018 through 2020.

#### J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Boys & Girls Clubs of Chaffee County

### Notes to the Financial Statements June 30, 2021

#### Note 3 - Availability and Liquidity

The following represents the Organizations financial assets at fiscal year ended:

	June 30, 2021	June 30, 2020
<b>Financial assets at year-end:</b>		
Cash and cash equivalents	\$ 1,289,984	\$ 764,744
Receivables- current	161,182	1,888
<b>Total financial assets at year-end:</b>	1,451,166	766,632
<b>Less amounts unavailable:</b>		
Cash designated by Board	771,581	52,682
Cash in amounts restricted by donors	918,803	287,002
<b>Total amounts unavailable:</b>	1,690,384	339,684
Financial assets available to meet general expenditures over the next 12 months	\$ (239,218)	\$ 426,948

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, primarily savings, CDs, and money market accounts. Of the \$771,581 designated by the Board, \$350,000 is an operating reserve.

#### Note 4 - Investments and Fair Value Measurements

The Organization had no investments as of June 30, 2021 and 2020.

#### Note 5 - Capital Assets

Capital assets are summarized as follows:

	Balance June 30, 2021
<u>Capital assets:</u>	
Building, 709 Palmer	\$ 850,001
Building Improvements	6,105
Construction in Progress	16,054
Land, 709 Palmer	267,272
Total	1,133,327
Less accumulated depreciation	41,280
Capital assets, net	\$ 1,092,047

Depreciation expense was \$30,977 for the year ended June 30, 2021.

**Boys & Girls Clubs of Chaffee County**

**Notes to the Financial Statements  
June 30, 2021**

**Note 6: - Long-Term Debt**

**PTRT Partnership Loan.** On February 15, 2020, the BGCCC obtained a loan of \$850,000 from PTRT Partnership at a rate of 4.5% interest per annum to finance the purchase of a building at 709 Palmer St. in Salida. The loan was refinanced on June 29, 2021 with a business loan from Collegiate Peaks Bank.

**Collegiate Peaks Bank Loan.** On June 29, 2021, the BGCCC obtained a business loan for \$495,000 to refinance the PTRT Loan. Payments are \$4,732.03 per month for seven years at 2.79% then 3.25% for 35 months, with a final payment June 29, 2031 of \$5,967 principal and interest.

**Collegiate Peaks Bank  
2021 Loan**

<u>For the year ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 43,528	\$ 13,257	\$ 56,784
2023	44,758	12,027	56,784
2024	46,023	10,762	56,784
2025	47,323	9,461	56,784
2026	48,660	8,124	56,784
2027-2031	264,708	20,448	285,157
	<u>\$ 495,000</u>	<u>\$ 74,078</u>	<u>\$ 569,078</u>

**Small Business Administration – Paycheck Protection Program (PPP).** In Fiscal Year 2020, the Organization received a PPP loan for \$85,098 and expended the funds before June 30, 2020. The Organization met all requirements in use of the PPP loan funds, and the loan was forgiven on June 2, 2021.

**Note 7 - Net Assets With Donor Restrictions**

Net assets with donor restrictions generally consist of contributions and grants that have been restricted by donors for a specific period of time or a stated purpose.

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Released</u>	<u>June 30, 2021</u>
Building fund	\$ 255,000	\$ 1,156,709	\$ (523,908)	\$ 887,801
Endowment	2,002	-	-	2,002
Scholarships	30,000	-	(1,000)	29,000
Total	<u>\$ 287,002</u>	<u>\$ 1,156,709</u>	<u>\$ (524,908)</u>	<u>\$ 918,803</u>

Building fund was restricted for capital expenditures.

Endowment was held in perpetuity.

Scholarships were restricted by both time and purpose.

## **Boys & Girls Clubs of Chaffee County**

### **Notes to the Financial Statements June 30, 2021**

#### **Note 8 - Board-designated Endowment**

On May 26, 2016, the Board of Directors voted to establish a board-designated endowment (quasi-endowment), and they designated \$40,000 of assets for this purpose. In accordance with Financial Accounting Standards Board (FASB) Statement 117, board-designated amounts (including endowments) are to be classified as "net assets without donor restrictions" because they lack donor restrictions of time or purpose. At June 30, 2021, the balance of the Board-designated quasi-endowment was \$202,682.

#### **Note 9 - Board-designated Operating Reserve**

In fiscal year ended June 30, 2020, the board voted to designate a portion of net assets to an operating reserve. At June 30, 2021, the balance of the Board-designated operating reserve was: \$350,000.

#### **Note 10 - Retirement Plan**

On January 1, 2006, the Organization established a SIMPLE IRA retirement plan for employees who are expected to make at least \$5,000 of compensation during a calendar year and also have been with the organization for one full calendar year. The Organization makes a contribution no less than 2% of an employee's compensation and not to exceed Internal Revenue Service Limits. Each employee's account is 100% vested immediately and non-forfeitable at all times. The Board of Directors reviews the plan and determines the contribution annually. For the years ended June 30, 2021 and 2020 the contributions were \$5,317 and \$5,500, respectively.

#### **Note 11 - Subsequent Events**

Management has evaluated subsequent events through the date these financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.

#### **Note 12 – Business Conditions**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The BGCCC is closely monitoring its financial liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the BGCCC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on its customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the BGCCC's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

During the fiscal year ended June 30, 2021, COVID-19 caused a decrease in the number of children served in the clubs and a related decrease in program expenses. In addition, the BGCCC had a major capital campaign underway that resulted in temporary changes in the Statement of Functional Expenses.