

# **Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

Consolidated Financial Report  
December 31, 2020

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Boys & Girls Clubs of Greater Washington, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Greater Washington, Inc. and Affiliate (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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 (collectively, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 Organization'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 Organization'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 Greater Washington, Inc. and Affiliate as of December 31, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*RSM US LLP*

Washington, D.C.

March 22, 2022

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidated Statements of Financial Position  
December 31, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 5,163,197	\$ 1,774,714
Restricted cash	230,000	270,000
Investments	1,887,192	1,185,143
Receivables, net	405,058	1,358,928
Deposits and other assets	133,156	121,007
Lease asset	2,420,692	2,451,124
Beneficial interest in perpetual trusts	1,100,668	-
Property and equipment, net	10,797,031	11,132,799
	<b>10,797,031</b>	<b>11,132,799</b>
<b>Total assets</b>	<b>\$ 22,136,994</b>	<b>\$ 18,293,715</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 529,148	\$ 959,856
Accrued salaries and vacation	328,225	370,087
Refundable advances - grants	614,502	99,455
Refundable advance - PPP	1,320,600	-
Economic injury disaster loan payable	500,000	-
Notes payable	1,390,584	1,579,250
	<b>1,390,584</b>	<b>1,579,250</b>
<b>Total liabilities</b>	<b>4,683,059</b>	<b>3,008,648</b>
Commitments and contingencies (Note 14)		
Net assets:		
Without donor restrictions	14,797,567	13,519,032
With donor restrictions	2,656,368	1,766,035
	<b>17,453,935</b>	<b>15,285,067</b>
<b>Total net assets</b>	<b>17,453,935</b>	<b>15,285,067</b>
<b>Total liabilities and net assets</b>	<b>\$ 22,136,994</b>	<b>\$ 18,293,715</b>

See notes to consolidated financial statements.

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidated Statements of Activities  
Years Ended December 31, 2020 and 2019**

	2020	2019
Activities without donor restrictions:		
Revenue and support:		
Special events	\$ 1,531,328	\$ 2,059,611
Costs of direct benefits to donors	(135,049)	(343,532)
<b>Special events, net</b>	<b>1,396,279</b>	1,716,079
Contributions	5,958,820	4,098,963
Program service fees	597,842	1,804,412
Government grants	1,828,661	1,351,211
Rental and other income	245,858	191,350
Membership dues	39,302	113,856
Investment income, net	128,917	155,870
Net assets released from restrictions	1,082,723	1,305,731
<b>Total revenue and support</b>	<b>11,278,402</b>	10,737,472
Expenses:		
Program services:		
Camps	2,473,749	3,596,809
Child care	4,260,236	4,393,870
After school	348,694	743,384
Supporting services:		
Management and general	2,067,621	1,757,917
Fundraising	849,567	750,792
<b>Total expenses</b>	<b>9,999,867</b>	11,242,772
<b>Change in net assets without donor restrictions</b>	<b>1,278,535</b>	(505,300)
Activities with donor restrictions:		
Contributions	1,885,738	1,254,277
Investment income, net	87,318	76,635
Net assets released from restrictions	(1,082,723)	(1,305,731)
<b>Change in net assets with donor restrictions</b>	<b>890,333</b>	25,181
<b>Change in net assets</b>	<b>2,168,868</b>	(480,119)
Net assets:		
Beginning	15,285,067	15,765,186
Ending	\$ 17,453,935	\$ 15,285,067

See notes to consolidated financial statements.

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidated Statement of Functional Expenses  
Year Ended December 31, 2020**

	Program Services					Supporting Services			Total
	BGCGW			Foundation	Subtotal	Management and General	Fundraising	Subtotal	
	Camps	Child Care	After School						
Salaries	\$ 1,309,865	\$ 2,311,840	\$ 184,636	\$ -	\$ 3,806,341	\$ 996,621	\$ 539,688	\$ 1,536,309	\$ 5,342,650
Employee benefits	190,603	336,405	26,867	-	553,875	149,607	78,532	228,139	782,014
Payroll taxes	97,217	171,583	13,703	-	282,503	45,049	36,305	81,354	363,857
<b>Total salaries and related</b>	<b>1,597,685</b>	<b>2,819,828</b>	<b>225,206</b>	<b>-</b>	<b>4,642,719</b>	<b>1,191,277</b>	<b>654,525</b>	<b>1,845,802</b>	<b>6,488,521</b>
Professional fees	138,322	138,336	19,498	-	296,156	319,581	138,111	457,692	753,848
Occupancy	323,301	570,609	45,572	-	939,482	325,285	-	325,285	1,264,767
Travel	23,071	40,719	3,252	-	67,042	1,682	413	2,095	69,137
Supplies	42,282	74,625	5,960	-	122,867	5,709	584	6,293	129,160
Interest	29,077	51,319	4,099	-	84,495	-	-	-	84,495
Telephone	35,766	63,125	5,042	-	103,933	110,022	23,196	133,218	237,151
Bank and other related fees	17,322	30,573	2,441	-	50,336	46,282	9,477	55,759	106,095
Training, conferences and meetings	3,547	6,260	500	-	10,307	2,098	567	2,665	12,972
Miscellaneous	-	-	-	-	-	14,009	14	14,023	14,023
Registration fees and trophies/awards	4,094	7,225	577	-	11,896	2,831	-	2,831	14,727
Printing and publications	1,433	2,529	202	-	4,164	5,080	19,616	24,696	28,860
Clothing	8,352	14,741	1,177	-	24,270	-	-	-	24,270
Postage and shipping	14	24	2	-	40	9	64	73	113
Scholarships	2,831	4,996	399	-	8,226	600	3,000	3,600	11,826
Fines and penalties	220	388	31	-	639	11,963	-	11,963	12,602
Depreciation	246,432	434,939	34,736	-	716,107	31,193	-	31,193	747,300
<b>Total expenses</b>	<b>\$ 2,473,749</b>	<b>\$ 4,260,236</b>	<b>\$ 348,694</b>	<b>\$ -</b>	<b>\$ 7,082,679</b>	<b>\$ 2,067,621</b>	<b>\$ 849,567</b>	<b>\$ 2,917,188</b>	<b>\$ 9,999,867</b>

See notes to consolidated financial statements.

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidated Statement of Functional Expenses  
Year Ended December 31, 2019**

	Program Services					Supporting Services			Total
	BGC&GW			Foundation	Subtotal	Management and General	Fundraising	Subtotal	
	Camps	Child Care	After School						
Salaries	\$ 1,786,206	\$ 2,183,060	\$ 369,149	\$ -	\$ 4,338,415	\$ 1,012,959	\$ 548,321	\$ 1,561,280	\$ 5,899,695
Employee benefits	166,628	203,898	34,479	-	405,005	94,610	51,213	145,823	550,828
Payroll taxes	125,940	153,921	26,028	-	305,889	94,487	39,484	133,971	439,860
<b>Total salaries and related</b>	<b>2,078,774</b>	<b>2,540,879</b>	<b>429,656</b>	<b>-</b>	<b>5,049,309</b>	<b>1,202,056</b>	<b>639,018</b>	<b>1,841,074</b>	<b>6,890,383</b>
Professional fees	147,390	180,136	30,461	-	357,987	208,715	13,733	222,448	580,435
Occupancy	465,035	568,355	96,107	-	1,129,497	92,749	28,130	120,879	1,250,376
Travel	165,694	202,508	34,243	-	402,445	6,020	3,391	9,411	411,856
Supplies	238,481	291,466	49,286	-	579,233	1,789	18,251	20,040	599,273
Interest	38,228	46,722	7,901	-	92,851	19,768	-	19,768	112,619
Telephone	109,203	133,466	22,569	-	265,238	60,823	12,583	73,406	338,644
Bank and other related fees	18,095	22,115	3,740	-	43,950	58,481	8,812	67,293	111,243
Training, conferences and meetings	26,418	32,287	5,460	-	64,165	19,052	3,660	22,712	86,877
Miscellaneous	18,312	20,061	3,784	-	42,157	12,233	10,488	22,721	64,878
Registration fees and trophies/awards	1,788	2,186	370	-	4,344	-	-	-	4,344
Printing and publications	926	1,131	191	-	2,248	10,972	7,823	18,795	21,043
Clothing	11,813	14,437	2,441	-	28,691	-	-	-	28,691
Postage and shipping	667	816	138	-	1,621	1,919	756	2,675	4,296
Scholarships	213	261	44	-	518	7,100	4,147	11,247	11,765
Fines and penalties	100	123	21	-	244	18,854	-	18,854	19,098
Depreciation	275,672	336,921	56,972	-	669,565	37,386	-	37,386	706,951
<b>Total expenses</b>	<b>\$ 3,596,809</b>	<b>\$ 4,393,870</b>	<b>\$ 743,384</b>	<b>\$ -</b>	<b>\$ 8,734,063</b>	<b>\$ 1,757,917</b>	<b>\$ 750,792</b>	<b>\$ 2,508,709</b>	<b>\$ 11,242,772</b>

See notes to consolidated financial statements.



**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidated Statements of Cash Flows  
Years Ended December 31, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 2,168,868	\$ (480,119)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gain on investments	(202,161)	(188,961)
Amortization of lease asset	30,432	30,433
Depreciation	747,300	706,951
Donated securities not immediately liquidated	(449,134)	(14,894)
Donated property and equipment	(236,830)	-
Beneficial interest in perpetual trusts	(1,100,668)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	953,870	(712,078)
Deposits and other assets	(12,149)	(13,024)
Increase (decrease) in:		
Accounts payable	(430,708)	228,909
Accrued salaries and vacation	(41,862)	22,962
Refundable advances - grants	515,047	99,455
Refundable advance - PPP	1,320,600	-
<b>Net cash provided by (used in) operating activities</b>	<b>3,262,605</b>	<b>(320,366)</b>
Cash flows from investing activities:		
Purchases of investments	(176,001)	(114,956)
Sales of investments	125,247	156,306
Purchases of property and equipment	(174,702)	(418,504)
<b>Net cash used in investing activities</b>	<b>(225,456)</b>	<b>(377,154)</b>
Cash flows from financing activities:		
Proceeds from economic injury disaster loan	500,000	-
Principal payments on notes payable	(188,666)	(136,262)
<b>Net cash provided by (used in) financing activities</b>	<b>311,334</b>	<b>(136,262)</b>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>3,348,483</b>	<b>(833,782)</b>
Cash, cash equivalents and restricted cash		
Beginning	2,044,714	2,878,496
Ending	\$ 5,393,197	\$ 2,044,714
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 84,495	\$ 112,619
Donated property and equipment	\$ 236,830	\$ -
Donated stock	\$ 510,706	\$ -

See notes to consolidated financial statements.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Boys & Girls Clubs of Greater Washington, Inc. and Affiliate (collectively, the Organization) is comprised of two entities: Boys & Girls Clubs of Greater Washington, Inc. (BGCGW) and Boys & Girls Clubs of Greater Washington Foundation (Foundation). BGCGW is a District of Columbia nonprofit organization, incorporated in 1886, which is committed to helping youth of all backgrounds, with emphasis on at-risk youth, to develop the qualities needed to become productive, civic-minded and responsible citizens and leaders.

The Foundation is a District of Columbia nonprofit organization, incorporated in 1945, which is devoted to the promotion and support of BGCGW and its various individual clubs.

**Clubs:** BGCGW provides services at various sites in the following Washington, D.C. metropolitan areas.

District of Columbia	Maryland	Virginia	Total
4	4	7	15

**Program services:** The Organization provides programming to youth in three settings: child care, camps, and after school. The following five core developmental areas are included in each of the three program service area settings.

- **Education and Career Development:** A top priority in all clubs, programs in this core area help members succeed in school and apply their knowledge and skills to daily challenges. Through activities that are educational and engaging, club members gain the strength they need to achieve their goals.
- **Character and Leadership Development:** Empowering youth to become leaders, the Organization provides opportunities for members to sustain meaningful relationships, develop a positive self- image, participate in the democratic process, and respect their own and others' cultural identities.
- **The Arts:** Youth who are engaged in arts programs do better in school and in their personal lives. Participation in the Arts promotes self-expression and young people gain the confidence, self-esteem, and motivation needed to reach their full potential.
- **Health and Life Skills:** Today's youth face overwhelming obstacles that affect their health and well-being. The Organization gives them the tools and the strength to engage in positive behaviors and good decision-making. Programs focus on building self-esteem, and deal with drug and violence prevention, teen pregnancy and disease prevention, fitness and wellness. The Organization helps club members set personal goals and establish a foundation to live as self-sufficient, healthy and wise adults.
- **Sports, fitness and recreation:** The Organization sports programming gives members a way to channel their energy and enjoy opportunities to play in a safe environment. Through sports, children learn teamwork, leadership and responsibility. They experience the rewards of hard work, develop a love for sports and exercise and learn the benefits of friendly competition. Through recreational games, youth elevate their self-esteem and learn the importance of balancing serious and fun activities. Field trips and specialty programs provide members with opportunities to try something entirely new or different, or to gain more experiences in a specific area.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

A summary of the Organization's significant accounting policies follows:

**Principles of consolidation:** The accompanying consolidated financial statements include the accounts of BGC GW and the Foundation. All significant intercompany balances and transactions have been eliminated in the consolidation.

**Adopted accounting pronouncements:** In June 2018, the Financial Accounting Standards Board (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*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than nonprofits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is a resource recipient, the ASU was adopted for the fiscal year ended December 31, 2019, on a modified prospective basis. Where the Organization is a resource provider, the ASU is effective for the fiscal year ended December 31, 2020. There was no impact as a result of adoption.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create Topic 606, Revenue from Contracts with Customers, and supersede the revenue recognition requirements in Topic 605, Revenue Recognition, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Accounting Standards Codification (ASC). In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this ASU using the modified retrospective method for the year ended December 30, 2020, and no significant impact on the revenue recognition pattern.

**Basis of presentation:** The consolidated financial statements presentation follows the recommendation of the FASB ASC. As required by the Non-profit Entities Topic of the FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes to net assets, as follows:

**Net assets without donor restrictions:** Net assets without donor restrictions include undesignated funds that are available for the support of the Organization's activities and not subject to donor-imposed restrictions.

**Net assets with donor restrictions:** Net assets with donor restrictions represent the portion of net assets whose use by the Organization has been restricted by donors with specified time or purpose limitations.

**Cash and cash equivalents:** The Organization considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash and cash equivalents. Cash and cash equivalents held in investment portfolios are classified as investments.

**Restricted cash:** Restricted cash relates to the lending bank's requirement for the notes payable that the Organization maintain a segregated cash account in the amount of \$230,000 and \$270,000 at December 31, 2020 and 2019, respectively, in accordance with the terms of the notes payable agreements.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Financial risk:** The Organization maintains cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant financial risk on cash.

The Organization invests in a professionally managed portfolio that contains money market funds, common stocks and mutual funds. Such investments are exposed to various risk, such as market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

**Investments:** Investments in marketable equity and debt securities are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is recorded as a component of investment income or loss in the consolidated statements of activities.

**Receivables:** Receivables are carried at original invoice or claim amounts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes receivables are fully collectible and thus has not recorded an allowance for doubtful receivables for the years ended December 31, 2020 and 2019.

**Promises to give:** Contributions are recognized when the donor makes a gift or written promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Management believes promises to give are fully collectible and thus has not recorded an allowance for doubtful receivables for the years ended December 31, 2020 and 2019.

**Beneficial interest in a perpetual trust:** Irrevocable trusts held by third parties are recorded as donor restricted support in the year the assets are placed in trust or the Organization is made aware of its existence. Annual distributions from the trust are recorded as investment income as a component of net assets without donor restrictions. The change in balance from year to year is recorded as a component of net assets with donor restrictions.

**Property and equipment:** Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, ranging from 3 to 50 years. Normal repairs and maintenance are expensed as incurred. The Organization capitalizes all property and equipment purchased with a cost of \$3,000 or more.

**Valuation of long-lived assets:** The Organization accounts for the subsequent measurement of certain long-lived assets in accordance with subsections of the FASB ASC Topic, Property, Plant and Equipment, that address impairment or disposal of long-lived assets. The accounting standard requires that Property, Plant and Equipment, and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Revenue recognition:** Unconditional contributions are recognized as revenue upon receipt or when unconditional promises to give are received. Contribution revenue is recorded as increases in net assets without donor restrictions, unless their use is limited by time or donor-imposed restrictions. Contributions received and spent in the same year are included as net assets without donor restrictions.

Conditional contributions, which can include certain government and foundation grants, are recognized when donor-imposed conditions are met. These revenues are subject to right of return if funds are not spent and also have barriers that must be met in order to be entitled to the funds. Most conditional grants are recognized as qualifying expenditures are incurred. Accordingly, amounts received, but not yet recognized as revenue, are classified as deferred revenue in the statements of financial position. There are \$1,393,752 and \$1,179,868 of additional revenues to be earned on various conditional grants as of December 31, 2020 and 2019, respectively.

Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Generally, it is BCGW's policy to liquidate donated securities immediately.

The Organization's revenue streams from contracts with customers are comprised of special event revenue and program service fees. All of the Organization's revenue under contracts with customers is earned in the United States and the customers consist of the families of child members. The Organization's revenue is recognized when a given performance obligation is satisfied at a point in time when the service is provided. Deferred revenue represents fees collected in advance for services to be provided in the next fiscal year.

The Organization's revenue from contracts with customers are generally for one year or less. The contracts do not include significant financing components and do not have variable considerations. Payments are due based on agreed upon payment terms, and refunds are not provided. The School did not have any impairment or credit losses on any receivables or contract fees receivables arising from contracts with customers. The primary factor affecting future revenue and cash flows is a significant decrease in children participating in the programs and periods of economic downturn resulting from consumer confidence, employment, inflation and other world events. Management does not believe there is a material risk of loss for future revenue and cash flows.

**Special event revenue:** Revenue and support from special events are typically comprised of two parts: an exchange component (for valued received) and a non-exchange component (contribution). The exchange component is recognized at the time goods and/or services are provided. The contribution component is recognized consistent with the Organization's revenue policy for contribution income. Typically, the non-exchange component is determined to be conditional support and recognized as conditions are met associated with the special event.

**Costs of direct benefits to donors:** Costs of direct benefits to donors include: (1) the venue, entertainment, and refreshments provided to participants at major fund-raising dinners and (2) the refreshments or other items provided to participants at other fund-raising events.

**Functional allocation of expense:** The costs of providing program and supporting services activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited. Costs related to a specific functional entity are charged directly to that activity. However, other management and general costs are allocated among the program and supporting services benefits based on management's best estimates. In particular, employee benefits are allocated based on employee time and effort. Occupancy costs are allocated based on the percentage of square footage for the respective sites.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Tax status:** BCGW and the Foundation are both tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) and are not considered to be a private foundations. Both entities are exempt from federal taxes on income other than unrelated business income. The Organization did not have any net unrelated business income for the years ended December 31, 2020 and 2019.

The Organization follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

The Organization files income tax returns in the U.S. federal jurisdiction. As of December 31, 2020 and 2019, there were no material unrecognized/derecognized tax benefits or tax penalties or interest. Generally, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2017.

**Use of estimates:** The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Pending accounting pronouncements:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the consolidated income statements. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the standard on the consolidated financial statements.

In July 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendment is intended to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements in presentation and disclosure requirements. Entities will now be required to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash and other financial contributions. Entities will also be required to disclose various information related to contributed nonfinancial assets. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021. The Organization is currently in the process of evaluating the impact of the new accounting guidance on the consolidated financial statements.

**Reclassifications:** Certain items in the December 31, 2019 comparative information have been reclassified to conform to the December 31, 2020 consolidated financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Subsequent events:** The Organization has evaluated subsequent events through March 22, 2022, the date on which the consolidated financial statements were available to be issued.

#### Note 2. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheets date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 5,163,197	\$ 1,774,714
Investments	1,887,192	1,185,143
Restricted cash	230,000	270,000
Accounts receivable	405,058	1,358,928
Total financial assets available	<u>7,685,447</u>	<u>4,588,785</u>
Donor restricted net assets not available within one year:		
Restricted cash	230,000	270,000
Refundable advances - grants	614,502	99,455
Deferred compensation investments	45,116	-
Net assets with donor restrictions	<u>2,656,368</u>	<u>1,766,035</u>
	<u>3,545,986</u>	<u>2,135,490</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,139,461</u>	<u>\$ 2,453,295</u>

#### Note 3. Receivables

Receivables at December 31, 2020 and 2019 are comprised as follows:

	2020	2019
Grants receivable	\$ 168,288	\$ 437,339
Other receivables	196,770	356,589
Promises to give (all due within one year)	40,000	565,000
	<u>\$ 405,058</u>	<u>\$ 1,358,928</u>

#### Note 4. Investments

In accordance with U.S. GAAP, the Organization uses the following prioritized input levels to measure fair value of investments recorded at fair value. The input levels used for valuing investments are not necessarily an indication of risk.

**Level 1:** Quoted market prices in active markets for identical assets or liabilities

**Level 2:** Observable market-based inputs or unobservable inputs corroborated by market data

**Level 3:** Unobservable inputs not corroborated by market data

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 4. Investments (Continued)

Investments valued using Level 1 inputs include mutual funds and common stocks, the values for which were based on quoted prices for identical assets in active markets.

The Organization's deferred compensation liability is based on observable inputs of the related assets and is, therefore, considered a Level 2 item.

The Organization's beneficial interest a perpetual trusts is considered a Level 3 item which is measured at fair value on a recurring basis using significant unobservable inputs. The trust payments are based on a percentage of the fair value of the trust assets.

Investments recorded at cost include cash and cash equivalents. Investments recorded at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Investments at December 31, 2020 and 2019, consist of the following:

	2020	2019
Investments, at fair value (Level 1):		
Mutual funds—equities	\$ 894,399	\$ 694,406
Mutual funds—fixed income	360,668	270,171
Exchange traded funds	3,739	
Common stocks	572,071	32,320
	<u>1,830,877</u>	<u>996,897</u>
Investments, at cost:		
Cash and cash equivalents	56,315	188,246
	<u>\$ 1,887,192</u>	<u>\$ 1,185,143</u>
Liabilities at fair value (Level 2):		
Deferred compensation	\$ 45,116	\$ -
Assets at fair value (Level 3):		
Beneficial interest in perpetual trusts	\$ 1,100,668	\$ -

The only activity impacting the Level 3 items during year ended December 31, 2020, was the initial recording of a beneficial interest in two perpetual trusts. The value of the recording is based on the holdings of the trust multiplied by the Organization's beneficial share (percentage) of the trust.

Investment income consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Realized and unrealized gain	\$ 202,161	\$ 188,961
Interest and dividends	19,077	49,396
Investment fees	(5,003)	(5,852)
	<u>\$ 216,235</u>	<u>\$ 232,505</u>



## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 5. Related Party Transactions

During the years ended December 31, 2020 and 2019, members of the Board of Directors collectively supported the Organization in the approximate amount of \$1,407,550 and \$920,800, respectively. Approximately \$450,000 of this total was included in refundable advances - grants at December 31, 2020.

#### Note 6. Property and Equipment

Property and equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Land	\$ 416,851	\$ 416,851
Buildings and improvements	19,228,387	19,103,199
Furniture, fixtures and equipment	1,451,543	1,402,031
Automotive equipment	834,142	834,142
Construction in progress	236,830	-
	<u>22,167,753</u>	<u>21,756,223</u>
Less accumulated depreciation	(11,370,722)	(10,623,424)
	<u>\$ 10,797,031</u>	<u>\$ 11,132,799</u>

#### Note 7. Refundable Advance

On April 17, 2020, the Organization received a loan in the amount of \$1,320,600 from a financial institution under the Paycheck Protection Program (PPP). On the face, the note bears interest at 1% per annum and payments deferred until month 7. For months 8 through 24, payments of principal and interest are due monthly until maturity of April 17, 2022. Under PPP, amounts may be forgiven if the Organization utilizes the funds in a certain manner or a specified period of time. The Small Business Administration formally approved loan forgiveness of this PPP loan in April 2021.

On March 16, 2021, the Organization received a 2nd loan in the amount of \$1,320,600 from a financial institution under the PPP. On the face, the note bears interest at 1% per annum and payments deferred until month 7. For months 8 through 24, payments of principal and interest are due monthly until the maturity of March 16, 2026. The Organization expects to take advantage of the forgiveness option to the fullest extent allowed under PPP.

#### Note 8. Economic Injury Disaster Loan

Due to the economic uncertainty created by the COVID-19 pandemic, the organization also secured an Economic Injury Disaster Loan on April 19, 2020, administered by the Small Business Administration. The full value of the loan is \$500,000 and accrues interest at the rate of 2.75% per annum. Monthly installment payments will begin 30 months from initial date of the promissory note and will continue until maturity of the note April 19, 2050.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 9. Notes Payable

**Hylton:** BGCGW has a loan secured by a deed of trust on the improvements made at the Hylton club facility located in Woodbridge, Virginia. The maturity date of the note was to be June 2019. The loan called for monthly payments of principal and interest, at a rate of 4.99%. In addition, the agreement required that BGCGW establish a Payment Reserve Account totaling \$230,000 and stipulated that BGCGW may not access the cash in the account during the term of the note payable. The loan had a balance of \$765,436 at December 31, 2018. On April 22, 2019, the loan was modified which extended the due date to April 17, 2021. The loan had a principal balance of \$747,589 on the modification date. The loan modification maintained the interest rate at 4.99% and called for 24 monthly fixed payments of \$10,446 and one final payment for the balance of the obligation. In December 2020, the loan was modified which extended the due date to August 31, 2021. The loan had a principal balance of \$623,702 on the modification date. The loan modification decreased the interest rate to 3.45% and called for eight monthly fixed payments of \$8,379 and one final payment for the balance of the obligation. In September 2021, the loan was modified which extended the due date to October 31, 2027. The loan had a principal balance of \$554,313 on the modification date. The loan modification increased the interest rate to 4% and calls for 74 monthly fixed payments of \$8,473. The outstanding balance at December 31, 2020 and 2019, was \$609,594 and \$699,820, respectively.

**Martin K. Alloy Club of Manassas:** BGCGW has a loan which is secured by a deed of trust on the improvements made at the Martin K. Alloy Club of Manassas facility located in Manassas, Virginia. The maturity date of the note was to be March 2019. Payments of principal and interest, at a rate of 5.04%, were due monthly. On March 6, 2019, the loan was modified which extended the due date to June 2, 2019. On April 22, 2019, the loan was modified which extended the due date to April 17, 2021. The loan had a principal balance of \$934,168 on the modification date. The loan modification maintained the interest rate at 5.04% and called for 24 monthly fixed payments of \$11,669 and one final payment for the balance of the obligation. In December 2020, the loan was modified which extended the due date to August 31, 2021. The loan had a principal balance of \$798,977 on the modification date. The loan modification decreased the interest rate to 3.45% and called for eight monthly fixed payments of \$10,774 and one final payment for the balance of the obligation. In September 2021, the loan was modified which extended the due date to October 31, 2027. The loan had a principal balance of \$713,667 on the modification date. The loan modification increased the interest rate to 4% and calls for 74 monthly fixed payments of \$10,908. The outstanding balance at December 31, 2020 and 2019, was \$780,990 and \$879,430, respectively.

Both modified loans have a prepayment fee of 2% of the principal prepayment if made between September 2021 and September 2024, and a 1% fee if paid off between September 2025 and September 2027. There were no prepayments made in 2020 and 2019.

**Guarantee of notes payable:** As a part of previous loan modifications, the Foundation signed an agreement with the lending bank to guarantee the notes payable.

**Covenants:** The terms of both notes originally required compliance with certain financial and non-financial covenants, as stipulated in the loan documents. The April 2019 loan modifications suspended compliance with the financial covenants but still requires the Organization to provide such information to the bank as scheduled.

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Notes to Consolidated Financial Statements**

**Note 9. Notes Payable (Continued)**

Including all 2021 note amendments, future maturities of principal on the notes payable are as follows:

	Hylton	Manassas	Total
Year ending December 31:			
2021	\$ 82,368	\$ 102,197	\$ 184,565
2022	82,075	105,670	187,745
2023	85,419	109,975	195,394
2024	88,899	114,455	203,354
2025	92,521	119,119	211,640
Thereafter	178,312	229,574	407,886
	<u>\$ 609,594</u>	<u>\$ 780,990</u>	<u>\$ 1,390,584</u>

**Note 10. Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following at December 31, 2020 and 2019:

	2020	2019
BGCGW:		
Purpose	\$ 888,924	\$ 651,577
Time	40,000	565,000
Perpetual	1,100,668	-
Subtotal BGCGW	<u>2,029,592</u>	<u>1,216,577</u>
Foundation:		
Endowment funds	525,713	453,624
Purpose (non-endowment)	101,063	95,834
Subtotal Foundation	<u>626,776</u>	<u>549,458</u>
	<u>\$ 2,656,368</u>	<u>\$ 1,766,035</u>

Net assets with donor restrictions are released from restriction when specified purposes have been fulfilled or when time restrictions expire. Net assets released from restriction consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
BGCGW:		
Purpose	\$ 547,723	\$ 1,234,395
Time	525,000	-
Subtotal BGCGW	<u>1,072,723</u>	<u>1,234,395</u>
Foundation:		
Purpose (non-endowment)	10,000	71,336
Subtotal Foundation	<u>10,000</u>	<u>71,336</u>
	<u>\$ 1,082,723</u>	<u>\$ 1,305,731</u>

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 11. Endowments

The Foundation's endowments include several traditional donor-restricted endowment funds, which are classified within net assets with donor restrictions. Donor-restricted net assets are required by donor stipulation to be maintained in perpetuity by the Foundation and, in some instances, the donors of these funds have restricted the income for specific uses and these are considered purpose restricted. Certain other endowment contributions were received from various sources without restrictions as to the use of income and these are considered time restricted until appropriated for use by the Board of Directors.

**Interpretation of relevant law:** The Board of Directors has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act of 2007 (DCUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Earnings on endowment funds are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by DCUPMIFA.

**Return objectives and risk parameters:** The Foundation's Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce returns higher than specified market indices while assuming a moderate level of risk.

**Strategies employed for achieving objectives:** To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending policy and how the investment objectives relate to spending policy:** The Foundation has a policy of appropriating for distribution each year certain amounts as approved by its Board of Directors in the budget. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Funds with deficiencies:** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed as an endowment fund to the Foundation. The Foundation had no funds with deficiencies for the years ended December 31, 2020 and 2019.

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Notes to Consolidated Financial Statements**

**Note 11. Endowments (Continued)**

Endowment net assets by donor-restricted fund consist of the following at December 31, 2020 and 2019:

	2020		
	Corpus	Appreciation	Total
Purpose restricted:			
Harry F. Duncan Foundation, Inc.	\$ 50,000	\$ 128,830	\$ 178,830
Henry Parsons Erwin Scholarship Fund	11,000	22,037	33,037
Sidney L. Hechinger Scholarship Fund	2,885	6,112	8,997
	<u>63,885</u>	<u>156,979</u>	<u>220,864</u>
Time restricted:			
F. Elwood Davis Fund	89,406	60,632	150,038
Harry F. Duncan Foundation, Inc.	50,000	54,050	104,050
William R. Winslow Trust	22,000	23,783	45,783
Franklin Marsh Fund	1,744	1,885	3,629
Ernest E. Norris Fund	648	701	1,349
	<u>163,798</u>	<u>141,051</u>	<u>304,849</u>
	<u>\$ 227,683</u>	<u>\$ 298,030</u>	<u>\$ 525,713</u>
	2019		
	Corpus	Appreciation	Total
Purpose restricted:			
Harry F. Duncan Foundation, Inc.	\$ 50,000	\$ 104,308	\$ 154,308
Henry Parsons Erwin Scholarship Fund	11,000	17,507	28,507
Sidney L. Hechinger Scholarship Fund	2,885	4,878	7,763
	<u>63,885</u>	<u>126,693</u>	<u>190,578</u>
Time restricted:			
F. Elwood Davis Fund	89,406	40,058	129,464
Harry F. Duncan Foundation, Inc.	50,000	39,782	89,782
William R. Winslow Trust	22,000	17,505	39,505
Franklin Marsh Fund	1,744	1,387	3,131
Ernest E. Norris Fund	648	516	1,164
	<u>163,798</u>	<u>99,248</u>	<u>263,046</u>
	<u>\$ 227,683</u>	<u>\$ 225,941</u>	<u>\$ 453,624</u>

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 11. Endowments (Continued)

Changes in endowment net assets consisted of the following for the years ended December 31, 2020 and 2019:

	Corpus	Appreciation	Total
December 31, 2018	\$ 255,657	\$ 182,668	\$ 438,325
Investment return	-	76,635	76,635
Donor releases	(27,974)	(33,362)	(61,336)
Appropriations	-	-	-
December 31, 2019	227,683	225,941	453,624
Investment return	-	72,089	72,089
Appropriations	-	-	-
December 31, 2020	<u>\$ 227,683</u>	<u>\$ 298,030</u>	<u>\$ 525,713</u>

#### Note 12. In-Kind Contributions

**Recorded amounts:** Donated services are recognized as contributions and expensed in accordance with U.S. GAAP, if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated goods are recorded at the estimated fair value of the goods provided to the Organization. Donated long-lived assets are recognized as contributions and capitalized within property and equipment.

During the year ended December 31, 2020, a contractor donated labor and materials for renovations at the headquarters office with an anticipated total of \$1,184,150. At December 31, 2020, only \$236,830 of the renovations had been completed and were capitalized in property and equipment. The remaining renovations were completed during the year ended December 31, 2021. The Organization had no recorded in-kind contributions for the year ended December 31, 2019.

**Unrecorded amounts:** The Organization uses certain club facilities on a rent-free basis. Management has determined that no objective basis is available to measure the fair value of the rental of such facilities. Thus, an amount for donated facilities has not been recorded.

The Organization receives donated services from the District of Columbia Metropolitan Police Department in the form of police officers acting as program staff at a number of the Organization's D.C. club facilities. Although such services are important to the mission of the Organization, the services donated by the police officers do not require specialized skills as defined by U.S. GAAP and are, therefore, not recorded in the consolidated financial statements.

The Organization relies on contributions of both time and expertise from its pool of adult volunteers. In particular, volunteers work on the Organization's programs and fund-raising activities. The Organization's volunteers donate many hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact and success of the Organization. These volunteer services have not been reflected in the accompanying consolidated financial statements because the volunteer services provided do not meet the criteria necessary for recognition.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 13. Retirement Plans

BGCGW has adopted the Boys & Girls Club of America Master Pension Plan and Trust Standardized Plan (the Plan). The Plan is a defined contribution savings plan for employees who meet age and length of service requirements. BGCGW contributes 5% of eligible employees' salaries to the Plan. The balances vest over 3 years, and employees do not contribute to the plan. The assets of the Plan are held in a trust for the benefit of participants and are not included in the consolidated financial statements.

BGCGW also maintains a 403(b) elective retirement plan, which covers all eligible employees. The plan is entirely employee funded through elective deferrals. The assets of the plan are held in a trust for the benefit of participants and are not included in the consolidated financial statements.

The Organization has a 457(b) deferred compensation plan agreement for benefit of the Chief Executive Officer. The Organization contributes a percentage of the Chief Executive Officer's annual salary or a fixed amount as defined in the agreement. The Organization contributed \$34,772 and \$19,000 during the year ended December 31, 2020 and 2019, respectively, to the Chief Executive Officer's deferred compensation plan. The cumulative contributions with the related investment income for the Chief Executive Officer's deferred compensation plan totaling \$45,116 is reported as a liability in the accompanying statement of financial position within accrued salaries and vacation. The Organization has also established a 457(f) deferred compensation plan agreement, but it is dormant with no outstanding balance at December 31, 2020 and 2019.

BGCGW's contributions to the plans totaled \$362,544 and \$215,123 for the years ended December 31, 2020 and 2019, respectively.

Subsequent to year end, in April 2021, BGCGW established a new 401(k) plan to replace the aforementioned defined contribution plans. Employees are eligible to participate after year of service if 21 years of age or older. Discretionary contributions are made to the 401(k) plan by BGCGW, which are 100% vested after 3 years of service.

#### Note 14. Commitments and Contingencies

**Leases:** BGCGW leases club space within the Town Hall Entertainment Arts Recreation Center (THE ARC) in Washington, D.C. The lease expires in 2101 and the lease agreement stipulates that the landlord will maintain and care for the property over the term of the lease. At the beginning of the lease, BGCGW prepaid the total rent due in accordance with the term of the lease. As a result, no future minimum lease payments are required under the terms of the lease. Prepaid rent of \$2,420,692 and \$2,451,124 at December 31, 2020 and 2019, respectively, has been recorded to reflect the future benefit over the term of the lease.

BGCGW also leases other facilities on short-term lease agreements. Rent expense for all leases totaled \$248,920 and \$266,730 for the years ended December 31, 2020 and 2019, respectively.

**Government grants:** Amounts received or receivable from government agencies under various grants are subject to audit and adjustment by the government agencies. The amount of expenditures which may be potentially disallowed cannot be determined at this time, and management expects such amounts, if any, to be immaterial.

**Litigation:** On occasion, BGCGW may be named as a defendant in a lawsuit resulting from activities related to its normal operations. In the opinion of management, resolution of such matters will not have a material adverse effect on the consolidated financial statements of the Organization.

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 14. Commitments and Contingencies (Continued)

**Geographic diversity:** BGCGW operates programs and facilities in the District of Columbia, Maryland and Virginia. The geographic diversity of BGCGW's operations is impacted by certain localized events, such as economic hardship or changes in population demographics that may occur faster than BGCGW can adapt to such conditions.

**Pandemic:** In 2020, the World Health Organization declared the coronavirus outbreak a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Organization. The continued spread of COVID-19 could adversely impact the Organization's operations and may have a material adverse effect on the financial condition of the Organization.





RSM US LLP

## Independent Auditor's Report on the Supplementary Information

Board of Directors  
Boys & Girls Clubs of Greater Washington, Inc.

We have audited the consolidated financial statements of Boys & Girls Clubs of Greater Washington and Affiliate (the Organization) as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1-2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of activities of the individual entities 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.

*RSM US LLP*

Washington, D.C.  
March 22, 2022

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidating Statement of Financial Position  
December 31, 2020**

	BGGGW	Foundation	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 5,163,197	\$ -	\$ -	\$ 5,163,197
Restricted cash	230,000	-	-	230,000
Investments	641,551	1,245,641	-	1,887,192
Receivables, net	405,058	-	-	405,058
Deposits and other assets	133,156	-	-	133,156
Prepaid rent	2,420,692	-	-	2,420,692
Beneficial interest in perpetual trusts	1,100,668	-	-	1,100,668
Property and equipment, net	10,797,031	-	-	10,797,031
	<b>\$ 20,891,353</b>	<b>\$ 1,245,641</b>	<b>\$ -</b>	<b>\$ 22,136,994</b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable	\$ 529,148	\$ -	\$ -	\$ 529,148
Accrued salaries and vacation	328,225	-	-	328,225
Refundable advances - grants	614,502	-	-	614,502
Refundable advance - PPP	1,320,600	-	-	1,320,600
Economic injury disaster loan payable	500,000	-	-	500,000
Notes payable	1,390,584	-	-	1,390,584
<b>Total liabilities</b>	<b>4,683,059</b>	<b>-</b>	<b>-</b>	<b>4,683,059</b>
Net assets:				
Without donor restrictions:	14,178,702	618,865	-	14,797,567
With donor restrictions	2,029,592	626,776	-	2,656,368
<b>Total net assets</b>	<b>16,208,294</b>	<b>1,245,641</b>	<b>-</b>	<b>17,453,935</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,891,353</b>	<b>\$ 1,245,641</b>	<b>\$ -</b>	<b>\$ 22,136,994</b>

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidating Statement of Financial Position**

**December 31, 2019**

	BGCGW	Foundation	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,774,714	\$ -	\$ -	\$ 1,774,714
Restricted cash	270,000	-	-	270,000
Investments	110,308	1,074,835	-	1,185,143
Receivables, net	1,358,928	-	-	1,358,928
Deposits and other assets	121,007	-	-	121,007
Prepaid rent	2,451,124	-	-	2,451,124
Property and equipment, net	11,132,799	-	-	11,132,799
<b>Total assets</b>	<b>\$ 17,218,880</b>	<b>\$ 1,074,835</b>	<b>\$ -</b>	<b>\$ 18,293,715</b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 959,856	\$ -	\$ -	\$ 959,856
Accrued salaries and vacation	370,087	-	-	370,087
Deferred revenue	99,455	-	-	99,455
Notes payable	1,579,250	-	-	1,579,250
<b>Total liabilities</b>	<b>3,008,648</b>	<b>-</b>	<b>-</b>	<b>3,008,648</b>
Net assets:				
Without donor restrictions:	12,993,655	525,377	-	13,519,032
With donor restrictions	1,216,577	549,458	-	1,766,035
<b>Total net assets</b>	<b>14,210,232</b>	<b>1,074,835</b>	<b>-</b>	<b>15,285,067</b>
<b>Total liabilities and net assets</b>	<b>\$ 17,218,880</b>	<b>\$ 1,074,835</b>	<b>\$ -</b>	<b>\$ 18,293,715</b>

**Boys & Girls Clubs of Greater Washington, Inc. and Affiliate**

**Consolidating Statement of Activities  
Year Ended December 31, 2020**

	BGCGW	Foundation	Eliminations	Total
Activities without donor restrictions:				
Revenue and support:				
Special events	\$ 1,531,328	\$ -	\$ -	\$ 1,531,328
Costs of direct benefits to donors	(135,049)	-	-	(135,049)
<b>Special events, net</b>	<b>1,396,279</b>	-	-	<b>1,396,279</b>
Contributions	5,968,820	-	(10,000)	5,958,820
Program service fees	597,842	-	-	597,842
Government grants	1,828,661	-	-	1,828,661
Rental and other income	245,858	-	-	245,858
Membership dues	39,302	-	-	39,302
Investment income (loss), net	35,429	93,488	-	128,917
Net assets released from restrictions	1,072,723	10,000	-	1,082,723
<b>Total revenue and support</b>	<b>11,184,914</b>	<b>103,488</b>	<b>(10,000)</b>	<b>11,278,402</b>
Expenses:				
Program services:				
Camps	2,473,749	-	-	2,473,749
Child care	4,260,236	-	-	4,260,236
After school	348,694	-	-	348,694
Supporting services:				
Management and general	2,067,621	10,000	(10,000)	2,067,621
Fundraising	849,567	-	-	849,567
<b>Total expenses</b>	<b>9,999,867</b>	<b>10,000</b>	<b>(10,000)</b>	<b>9,999,867</b>
<b>Change in net assets without donor restrictions</b>	<b>1,185,047</b>	<b>93,488</b>	<b>-</b>	<b>1,278,535</b>
Activities with donor restrictions:				
Contributions	1,885,738	-	-	1,885,738
Investment income (loss), net	-	87,318	-	87,318
Net assets released from restrictions	(1,072,723)	(10,000)	-	(1,082,723)
<b>Change in net assets with donor restrictions</b>	<b>813,015</b>	<b>77,318</b>	<b>-</b>	<b>890,333</b>
<b>Change in net assets</b>	<b>1,998,062</b>	<b>170,806</b>	<b>-</b>	<b>2,168,868</b>
Net assets:				
Beginning	14,210,232	1,074,835	-	15,285,067
Ending	\$ 16,208,294	\$ 1,245,641	\$ -	\$ 17,453,935

## Boys & Girls Clubs of Greater Washington, Inc. and Affiliate

### Consolidating Statement of Activities Year Ended December 31, 2019

	BGCGW	Foundation	Eliminations	Total
Activities without donor restrictions:				
Revenue and support:				
Special events	\$ 2,059,611	\$ -	\$ -	\$ 2,059,611
Costs of direct benefits to donors	(343,532)	-	-	(343,532)
<b>Special events, net</b>	<b>1,716,079</b>	<b>-</b>	<b>-</b>	<b>1,716,079</b>
Contributions	4,108,963	-	(10,000)	4,098,963
Program service fees	1,804,412	-	-	1,804,412
Government grants	1,351,211	-	-	1,351,211
Rental and other income	182,350	9,000	-	191,350
Membership dues	113,856	-	-	113,856
Investment income (loss), net	45,310	110,560	-	155,870
Net assets released from restrictions	1,234,395	71,336	-	1,305,731
<b>Total revenue and support</b>	<b>10,556,576</b>	<b>190,896</b>	<b>(10,000)</b>	<b>10,737,472</b>
Expenses:				
Program services:				
Camps	3,596,809	-	-	3,596,809
Child care	4,393,870	-	-	4,393,870
After school	743,384	-	-	743,384
Supporting services:				
Management and general	1,757,917	10,000	(10,000)	1,757,917
Fundraising	750,792	-	-	750,792
	<b>11,242,772</b>	<b>10,000</b>	<b>(10,000)</b>	<b>11,242,772</b>
<b>Change in net assets without donor restrictions</b>	<b>(686,196)</b>	<b>180,896</b>	<b>-</b>	<b>(505,300)</b>
Activities with donor restrictions:				
Contributions	1,254,277	-	-	1,254,277
Investment income, net	-	76,635	-	76,635
Net assets released from restrictions	(1,234,395)	(71,336)	-	(1,305,731)
<b>Change in net assets with donor restrictions</b>	<b>19,882</b>	<b>5,299</b>	<b>-</b>	<b>25,181</b>
<b>Change in net assets</b>	<b>(666,314)</b>	<b>186,195</b>	<b>-</b>	<b>(480,119)</b>
Net assets:				
Beginning	14,876,546	888,640	-	15,765,186
Ending	\$ 14,210,232	\$ 1,074,835	\$ -	\$ 15,285,067