BOYS & GIRLS CLUB OF DUMPLIN VALLEY

FINANCIAL STATEMENTS

Year ended December 31, 2020

BOYS & GIRLS CLUB OF DUMPLIN VALLEY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Club of Dumplin Valley
White Pine, Tennessee

We have audited the accompanying financial statements of Boys & Girls Club of Dumplin Valley, a non-profit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Club of Dumplin Valley as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Purkey, Carter, Compton, Swann & Carter, PLLC

Morristown, TN
November 8, 2021

BOYS AND GIRLS CLUB OF DUMPLIN VALLEY
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS	
Cash	$ 1,130,443
Accounts receivable	8,260
Grants receivable	66,592
Accounts receivable other - COVID relief	134,148
Property and equipment, net	300,169
TOTAL ASSETS	$ 1,639,612
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 44,737
NET ASSETS	
Net assets without donor restrictions:	
Undesignated	1,594,875
TOTAL LIABILITIES AND NET ASSETS	$ 1,639,612

See accompanying notes to financial statements.

BOYS AND GIRLS CLUB OF DUMPLIN VALLEY
STATEMENT OF ACTIVITIES
Year ended December 31, 2020

REVENUE, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	$ 73,062	$ -	$ 73,062
Local governments	95,457	-	95,457
Grants	232,392	-	232,392
Paycheck protection program income	125,700	-	125,700
COVID relief income	465,126	-	465,126
Donated facilities	146,500	-	146,500
In-kind revenue	5,114	-	5,114
Nutrition support	154,143	-	154,143
Program service fees	18,847	-	18,847
Lease income	27,500	-	27,500
Interest income	3,450	-	3,450
Miscellaneous	233	-	233
Fundraising events	151,851	-	151,851
Cost of direct benefit to donors	(42,888)	-	(42,888)
Loss on disposal of equipment	(96)	-	(96)
Net assets released from restrictions			
Restriction satisfied by time	35,000	(35,000)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,491,391	(35,000)	1,456,391
EXPENSES			
Program Services	998,607	-	998,607
Management & General	286,549	-	286,549
Fundraising	101,096	-	101,096
TOTAL EXPENSES	1,386,252	-	1,386,252
CHANGE IN NET ASSETS	105,139	(35,000)	70,139
NET ASSETS AT BEGINNING OF YEAR	1,489,736	35,000	1,524,736
NET ASSETS AT END OF YEAR	$ 1,594,875	$ -	$ 1,594,875

BOYS AND GIRLS CLUB OF DUMPLIN VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020

	Program Services	Supporting Services			
	Club Services	Management and General	Fundraising	Direct Fundraising Costs	Total
Payroll costs	$ 418,631	$ 178,803	$ 64,467	$ -	$ 661,901
Payroll taxes	31,232	13,339	4,809	-	49,380
Employee benefits	44,102	18,837	6,792	-	69,731
Total salaries and related expenses	493,965	210,979	76,068	-	781,012
Insurance	33,824	14,447	5,209	-	53,480
Advertising	3,235	1,381	498	-	5,114
Utilities	48,087	5,343	-	-	53,430
Uniforms	2,046	-	-	-	2,046
Rent	118,208	50,488	18,204	-	186,900
Payments to affiliated groups	25,748	-	-	-	25,748
Program costs	261,197	-	-	-	261,197
Bus costs	79	-	-	-	79
Depreciation	4,961	551	-	-	5,512
Travel	6,416	2,740	988	-	10,144
Federal income tax	-	296	-	-	296
Bank charges	841	324	129	-	1,294
Cost of direct benefit to donors	-	-	-	42,888	42,888
TOTAL EXPENSES	$ 998,607	$ 286,549	$ 101,096	$ 42,888	$ 1,429,140
Less expenses included with revenue on the statement of activities	$ -	$ -	$ -	(42,888)	(42,888)
Total expenses included in the expense section of the statement of activities	$ 998,607	$ 286,549	$ 101,096	$ -	$ 1,386,252

See accompanying notes to financial statements.

BOYS AND GIRLS CLUB OF DUMPLIN VALLEY
STATEMENT OF CASH FLOWS
Year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 70,139
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	5,512
(Increase) decrease in operating assets:	
Accounts receivable	15,520
Grant receivable	(25,350)
Unconditional promises to give	35,000
Accounts receivable other - COVID relief	(134,148)
Increase (decrease) in operating liabilities:	
Accounts payable	5,828
Federal income tax payable	(2,655)
NET CASH USED IN OPERATING ACTIVITIES	(30,154)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(21,269)
Loss on disposal of equipment	96
NET CASH USED IN INVESTING ACTIVITIES	(21,173)
NET DECREASE IN CASH	(51,327)
CASH AT BEGINNING OF YEAR	1,181,770
CASH AT END OF YEAR	$ 1,130,443

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Boys & Girls Club of Dumplin Valley (the Organization) was chartered as a nonprofit public benefit corporation by the State of Tennessee on November 20, 2007. The mission of the Organization is to provide positive places for children to go during non-school hours, particularly when there is no adult at home. Currently they administer four program sites for children and youth. Daily enrichment programs in areas such as sports, fitness and recreation, education and arts are available.

Basis of Accounting

The financial statements of Boys & Girls Club of Dumplin Valley have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (ASC) Topic 958 *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

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

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC Topic 958. In accordance with ASC Topic 958, contributions received are recorded, depending on the existence or nature of any donor restrictions, as contributions with donor restrictions or contributions without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk

The Organization's concentration of credit risk consist principally of accounts receivable, grants receivable, and promises to give. Credit is granted to clients located throughout the area. The ability of these clients to perform on their credit is dependent on economic factors affecting the area. The Organization does not require collateral from its customers. Concentrations of credit risk with respect to grants receivable are limited due to the nature of the grant agreements. Concentrations of credit risk with respect to promises to give are dependent on factors affecting the economy in which contributors live and work.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Historically, differences between the amounts billed and collected have been insignificant. Accordingly, no provision is made for uncollectible amounts.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when conditions on which they depend are substantially met.

Property and Equipment

Property and equipment is capitalized at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. The Organization's capitalization policy is $500 per item.

Functional Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between Program Services and Supporting Services based on an analysis of those costs identifiable with a specific function or based on an analysis of personnel time and space utilized for the related service.

Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days and other time off depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The policy of the Organization is to recognize the cost of the compensated absences when paid to employees.

Donated Assets

Noncash donations are recorded as contributions at their estimated fair values at the date of the donation.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is responsible for tax on any unrelated business income. The Organization is not classified as a private foundation.

Advertising

The Organization expenses advertising costs in the period they are incurred. The organization expensed $5,114 advertising costs for the year ended December 31, 2020.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2020.

Cash balances held in financial institutions are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At times amounts on deposit may exceed the federally insured limit. At December 31, 2020, $348,591 on deposit exceeded the federally insured limit.

Subsequent Events

The Organization evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

NOTE B - RECEIVABLES

Accounts receivable of $8,260 at December 31, 2020, consists of amounts due for various fundraising events and reimbursements from the State of Tennessee for feeding program reimbursement. No allowance for uncollectible accounts receivable was considered necessary.

Grants receivable consist of the following:

Alliance 21st Century	$ 15,726
LEAP	8,115
DOH Abstinence Education	900
OJP Mentoring	41,851
Total	$ 66,592

Differences between amounts allocated and collected from grants receivable have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

During the year ended December 31, 2020, the Organization received funding from various sources related to COVID-19 relief funding. At December 31, 2020, receivables from these funds amounted to $134,148 of which $110,151 was due from CARES Act funding and an additional $23,997 was due from DHS Essential Worker funding.

NOTE C - PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost or estimated fair market value if donated and on December 31, 2020, consisted of the following:

Furnitures, fixtures and vehicles	$	154,637
Leasehold improvements		15,500
Land		261,875
Accumulated depreciation		(131,843)
Property and equipment, net	$	300,169

Depreciation expense for the year ended December 31, 2020 amounted to $5,512.

NOTE D - OPERATING LEASE

White Pine Facility

On May 8, 2015, the Organization entered into a cooperative agreement and lease agreement with Freedom Fellowship Church (the Church) in which the Organization agreed to lease 14,500 feet of a building located in White Pine, Tennessee which the Church leases from a director who is part owner of the building.

The Organization pays rent of $2,000 on the first day of each month during the lease term. In addition, the Organization shall pay the Church an amount equivalent to one-month rent at the end of each calendar year as a common area maintenance fee. The lease term is for five years commencing on May 1, 2015. The Organization has the option to extend the lease term for two additional five year periods. The Organization extended the lease for the additional five year term in 2020.

The Church has agreed to pay all taxes, licenses and other fees on the building. In addition, the Church is responsible for all repairs and maintenance required to be made to the premises. Utility services will be contracted by the Church and the Organization will reimburse the Church 60% of the cost of such utilities. The terms of the agreement dictate the Organization will carry liability insurance with minimum limits of liability in an amount not less than $1,000,000 for bodily injury or death and not less than $100,000 for property damage. The Church is responsible for providing fire and extended coverage for the building. Minimum future lease payments required under the lease agreement are as follows:

2021	$	25,500
2022		30,000
2023		30,000
2024		30,000
2025		15,000
Total	$	130,500

Jefferson City Facility

The facility used by the Organization in its Jefferson City location is owned by Jefferson County, Tennessee and is leased by the Organization for 75 years for $1 per year. Under the terms of the lease, the Organization pays for maintenance and utilities on the building.

Strawberry Plains Facility

On October 22, 2015, the Organization entered into a use agreement with Strawberry Plains Presbyterian Church (the Church) in which the Organization will be allowed to use designated areas of the Church facility for the purpose of providing Club programs. The Organization is responsible for all repairs, maintenance and daily custodial care for all facilities used by the Organization. The terms of the agreement dictate the Organization will carry liability insurance with minimum limits of liability in an amount not less than $1,000,000. The Organization agrees to pay 60% of the electric service bill and any amount over the minimum water usage on a monthly basis. This use agreement is merely an agreement for usage by the Organization and does not create any lease of interest to the Organization by the Church.

Newport Facility

On June 1, 2018, the Organization entered into a five-year lease agreement with Newport Housing Authority in which the Organization agreed to lease 10,800 feet of a building located in Newport, Tennessee. The Organization has the option to extend the lease term for one additional five-year period. According to the terms of the new lease agreement, the Organization pays rent of $1,200 on the first day of each month during the lease term. The terms of the agreement dictate the Organization will carry liability insurance with minimum limits of not less than $1,000,000/$3,000,000.

Minimum future lease payments required under the lease agreements are as follows:

2021	$	14,400
2022		14,400
2023		6,000
Total	$	34,800

NOTE E - LEASE INCOME

On April 12, 2013, the Organization entered into a land lease agreement in which the Organization agreed to lease certain real property it owns located in Lebanon, Virginia to Charter Foods, Inc. The tenant pays rent of $2,292 on the 15th day of each month during the lease term. The lease term is for twenty-five years commencing on April 12, 2013. The monthly rent increases 10% over the prior term in years 6, 11, 16 and 21. The tenant shall have the option to extend the lease term for four additional periods of five years each. Lease income for the year ended December 31, 2020 amounted to $27,500.

Minimum future lease income payments from the Tenant required under the lease agreement in effect at December 31, 2020 are as follows:

2021	$	27,500
2022		27,500
2023		29,562
2024		30,250
Thereafter		447,699
Total	$	562,511

NOTE F - FUNDING

The Organization receives a substantial amount of support from the general public, grants and local governments for its operations. A major reduction of these funds, should this occur, may have a significant effect on future operations.

NOTE G - EMPLOYEE BENEFIT PLANS

The Organization has adopted a retirement plan for certain eligible employees. The plan is funded by employer contributions of 5% of each eligible employee’s salary. Employer contributions to the plan amounted to $26,045 for the year ended December 31, 2020.

NOTE H - LIQUIDITY

Boys & Girls Club of Dumplin Valley has $1,339,443 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash of $1,130,443, accounts receivable of $8,260, grants receivable of $66,592 and COVID relief receivables of $134,148.

None of these financial assets are subject to donor or other restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date.

NOTE I - PAYCHECK PROTECTION PROGRAM LOAN

On April 10, 2020, the Organization was granted a loan from the Small Business Administration through Citizens National Bank, in the amount of $125,700, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrowed funds are used for non-qualifying expenses and payroll levels are not maintained. This loan had not been forgiven by the Small Business Administration as of December 31, 2020, however at that time the Organization believed the loan forgiveness would be approved and paid in full. The loan was forgiven subsequent to year end on March 10, 2021, and as such has been recorded as income in the Statement of Activities for the year ended December 31, 2020.

NOTE J – IN-KIND REVENUE AND EXPENSE

The Organization received in-kind donations of rent and advertising in the amount of $151,614 with a corresponding amount included in expense during the year. Donated rent in the amount of $146,500 is recorded on the statement of activities in Donated facilities. The Organization also received donated advertising in the amount of $5,114. In-kind revenue and expense consist of the following:

Donation facility usage – White Pine	$	48,500
Donation facility usage – Jefferson City		48,000
Donation facility usage – Newport		39,600
Donation facility usage – Warehouse space		10,400
Donation advertising – Standard Banner		5,114
Total	$	151,614

NOTE K - RISK AND UNCERTAINTY

In March 2020, the World Health Organization categorized the Coronavirus disease (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted. The impact on the organization could be material.