

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES
AND BOYS AND GIRLS CLUB OF
THE TWIN CITIES FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED AUGUST 31, 2021 AND 2020



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**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
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YEARS ENDED AUGUST 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys and Girls Clubs of the Twin Cities and
Boys and Girls Club of the Twin Cities Foundation
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation (nonprofit organizations), which comprise the consolidated balance sheets as of August 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

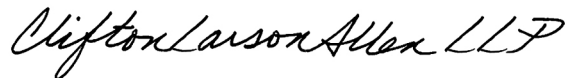
Board of Directors
Boys and Girls Clubs of the Twin Cities and
Boys and Girls Club of the Twin Cities Foundation

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of activities in the supplementary information are presented for purposes of additional analysis and are 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 audits 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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 16, 2021

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATED BALANCE SHEETS
AUGUST 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 1,864,298	\$ 1,267,879
Receivables	27,875	31,527
Pledges and Grants Receivable	981,673	578,630
Remainder Trust Receivable	124,000	86,000
Prepaid Expenses	219,270	109,578
Investments	9,193,006	7,868,167
Cash Surrender Value of Life Insurance Policies	177,100	140,400
Community Foundation Funds	223,999	182,356
Fixed Assets - Net	11,068,816	10,486,959
Total Assets	\$ 23,880,037	\$ 20,751,496
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 189,480	\$ 147,514
Fiscal Agent Payable	295,115	259,331
Accrued Expenses	340,484	337,304
Deferred Revenue	-	7,500
Notes Payable	508,794	1,222,001
Total Liabilities	1,333,873	1,973,650
NET ASSETS		
Without Donor Restrictions:		
Undesignated	8,278,343	6,823,064
Board Designated	427,591	238,647
Subtotal - Without Donor Restrictions	8,705,934	7,061,711
With Donor Restrictions	13,840,230	11,716,135
Total Net Assets	22,546,164	18,777,846
Total Liabilities and Net Assets	\$ 23,880,037	\$ 20,751,496

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING - REVENUE, GAINS, AND OTHER SUPPORT			
Contributions, Including In-Kind Contributions of \$624,076	\$ 4,830,905	\$ 457,498	\$ 5,288,403
Special Events, Net of Expenses of \$95,983	418,116	-	418,116
Grants and Contracts	2,477,371	428,785	2,906,156
Program Fees	71,504	-	71,504
Change in Value of Split-Interest Agreements	-	74,700	74,700
Rental Income	23,850	-	23,850
Other Income	584	-	584
Net Assets Released from Restrictions - Operating	<u>596,398</u>	<u>(596,398)</u>	<u>-</u>
Total Operating - Revenue, Gains, and Other Support	8,418,728	364,585	8,783,313
EXPENSES			
Program Services	5,501,028	-	5,501,028
Support Services:			
Administration	785,658	7,240	792,898
Fundraising	<u>657,709</u>	<u>-</u>	<u>657,709</u>
Total Support Services	<u>1,443,367</u>	<u>7,240</u>	<u>1,450,607</u>
Total Expenses	<u>6,944,395</u>	<u>7,240</u>	<u>6,951,635</u>
CHANGE IN NET ASSETS OPERATING	1,474,333	357,345	1,831,678
NONOPERATING			
Change in Value of Community Foundation	-	41,643	41,643
Capital Grants for Clubs	15,200	116,000	131,200
Capital Government Grants for Clubs	128,849	45,000	173,849
Investment Income	-	1,593,150	1,593,150
Loss on Disposal	(3,202)	-	(3,202)
Net Assets Released from Restrictions - Capital	<u>29,043</u>	<u>(29,043)</u>	<u>-</u>
Change in Net Assets Nonoperating	<u>169,890</u>	<u>1,766,750</u>	<u>1,936,640</u>
TOTAL CHANGE IN NET ASSETS	1,644,223	2,124,095	3,768,318
Net Assets - Beginning of Year	<u>7,061,711</u>	<u>11,716,135</u>	<u>18,777,846</u>
NET ASSETS - END OF YEAR	<u>\$ 8,705,934</u>	<u>\$ 13,840,230</u>	<u>\$ 22,546,164</u>

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING - REVENUE, GAINS, AND OTHER SUPPORT			
Contributions, Including In-Kind Contributions of \$56,765	\$ 3,120,222	\$ 583,766	\$ 3,703,988
Special Events, Net of Expenses of \$221,129	789,964	-	789,964
Grants and Contracts	1,510,161	100,536	1,610,697
Program Fees	42,342	1,600	43,942
Change in Value of Split-Interest Agreements	-	16,800	16,800
Rental Income	30,440	-	30,440
Other Income	676	-	676
Net Assets Released from Restrictions - Operating	<u>631,009</u>	<u>(631,009)</u>	<u>-</u>
Total Operating - Revenue, Gains, and Other Support	6,124,814	71,693	6,196,507
EXPENSES			
Program Services	5,003,744	-	5,003,744
Support Services:			
Administration	583,908	6,908	590,816
Fundraising	<u>782,418</u>	<u>-</u>	<u>782,418</u>
Total Support Services	<u>1,366,326</u>	<u>6,908</u>	<u>1,373,234</u>
Total Expenses	<u>6,370,070</u>	<u>6,908</u>	<u>6,376,978</u>
CHANGE IN NET ASSETS OPERATING	(245,256)	64,785	(180,471)
NONOPERATING			
Change in Value of Community Foundation	-	(3,474)	(3,474)
Capital Grants for Clubs	10,757	-	10,757
Capital Government Grants for Clubs	87,054	50,000	137,054
Investment Income	-	535,218	535,218
Loss on Disposal	-	-	-
Net Assets Released from Restrictions - Capital	<u>18,518</u>	<u>(18,518)</u>	<u>-</u>
Change in Net Assets Nonoperating	<u>116,329</u>	<u>563,226</u>	<u>679,555</u>
TOTAL CHANGE IN NET ASSETS	(128,927)	628,011	499,084
Net Assets - Beginning of Year	<u>7,190,638</u>	<u>11,088,124</u>	<u>18,278,762</u>
NET ASSETS - END OF YEAR	<u>\$ 7,061,711</u>	<u>\$ 11,716,135</u>	<u>\$ 18,777,846</u>

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021**

	Support Services				Total
	Program Services	Administration	Fundraising	Total Support Services	
OPERATING					
Salaries and Wages	\$ 2,433,790	\$ 479,331	\$ 415,694	\$ 895,025	\$ 3,328,815
Payroll Taxes	182,085	35,432	36,109	71,541	253,626
Benefits	376,994	72,395	62,952	135,347	512,341
Total Personnel Costs	2,992,869	587,158	514,755	1,101,913	4,094,782
Utilities	291,792	10,792	14,716	25,508	317,300
Supplies	801,923	13,643	4,974	18,617	820,540
In-Kind Program Incentives	5,000	-	-	-	5,000
Insurance	100,596	2,882	4,151	7,033	107,629
Professional Fees	97,766	95,200	35,106	130,306	228,072
Maintenance and Repairs	266,901	27,053	33,244	60,297	327,198
Interest Expense	17,143	15,711	14,499	30,210	47,353
Staff Training	20,349	6,276	304	6,580	26,929
National and Regional Dues	49,140	398	630	1,028	50,168
Telephone	77,691	10,332	12,097	22,429	100,120
Rent	23,000	-	-	-	23,000
In-Kind Rent	74,720	-	-	-	74,720
Travel	20,305	1,987	421	2,408	22,713
Postage and Printing	26,905	3,705	18,050	21,755	48,660
Scholarships	38,033	-	-	-	38,033
Other	3,470	12,554	2,385	14,939	18,409
Total Before Depreciation	4,907,603	787,691	655,332	1,443,023	6,350,626
Depreciation	593,425	5,207	2,377	7,584	601,009
Total Operating	5,501,028	792,898	657,709	1,450,607	6,951,635
Special Events	-	-	95,983	95,983	95,983
 Total	\$ 5,501,028	\$ 792,898	\$ 753,692	\$ 1,546,590	\$ 7,047,618

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020**

	Support Services				Total
	Program Services	Administration	Fundraising	Total Support Services	
OPERATING					
Salaries and Wages	\$ 2,299,252	\$ 353,225	\$ 548,622	\$ 901,847	\$ 3,201,099
Payroll Taxes	186,438	24,899	39,543	64,442	250,880
Benefits	388,323	47,535	75,367	122,902	511,225
Total Personnel Costs	2,874,013	425,659	663,532	1,089,191	3,963,204
Utilities	282,701	8,936	13,581	22,517	305,218
Supplies	554,888	8,503	7,072	15,575	570,463
In-Kind Program Incentives	19,230	-	-	-	19,230
Insurance	96,010	2,113	4,741	6,854	102,864
Professional Fees	96,801	75,867	23,306	99,173	195,974
Maintenance and Repairs	169,526	22,496	32,449	54,945	224,471
Interest Expense	19,990	18,270	15,724	33,994	53,984
Staff Training	3,705	3,345	160	3,505	7,210
National and Regional Dues	49,900	555	565	1,120	51,020
Telephone	64,559	4,346	8,485	12,831	77,390
Rent	23,000	-	-	-	23,000
In-Kind Rent	74,720	-	-	-	74,720
Travel	29,856	6,413	907	7,320	37,176
Postage and Printing	27,816	3,468	8,338	11,806	39,622
Scholarships	28,302	-	-	-	28,302
Other	31,177	9,120	1,953	11,073	42,250
Total Before Depreciation	4,446,194	589,091	780,813	1,369,904	5,816,098
Depreciation	557,550	1,725	1,605	3,330	560,880
Total Operating	5,003,744	590,816	782,418	1,373,234	6,376,978
Special Events	-	-	221,129	221,129	221,129
Total	\$ 5,003,744	\$ 590,816	\$ 1,003,547	\$ 1,594,363	\$ 6,598,107

See accompanying Notes to Consolidated Financial Statements.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets - Operating	\$ 1,831,678	\$ (180,471)
Adjustments to Reconcile Change in Operating Net Assets to Net Cash Provided by Operating Activities:		
Net Nonoperating Activity	1,936,640	679,555
Depreciation	601,009	560,880
Amortization of Donated Building Lease	74,720	74,720
Donated Fixed Assets	(619,076)	(23,960)
Unrealized and Realized (Gain) Loss on Investments	(1,477,734)	(388,161)
Change in Cash Surrender Value of Life Insurance Policies	(36,700)	(15,800)
Change in Value of Remainder Trust Receivable	(38,000)	(1,000)
Change in Value of Community Foundation Assets	(41,643)	3,474
PPP Loan Forgiveness	(663,900)	-
(Increase) Decrease in Current Assets:		
Receivables	3,652	39,526
Pledges and Grants Receivable	(403,043)	91,532
Prepaid Expenses and Other Current Assets	(109,692)	(47,652)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	41,966	(6,992)
Fiscal Agent Payable	35,784	79,678
Accrued Expenses	3,180	131,155
Deferred Revenue and Advances	(7,500)	(253,250)
Net Cash Provided by Operating Activities	1,131,341	743,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Marketable Securities	(5,281,495)	(4,053,808)
Sales of Marketable Securities	5,434,390	3,217,219
Purchase of Fixed Assets	(638,510)	(170,768)
Net Cash Used by Investing Activities	(485,615)	(1,007,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Notes Payable	(49,307)	(49,930)
Advances on PPP Loan	-	663,900
Advances on Line of Credit	-	640,953
Payments on Line of Credit	-	(958,164)
Contributions Restricted for Long-Term Investments	-	501,384
Net Cash Provided (Used) by Financing Activities	(49,307)	798,143
NET INCREASE IN CASH AND CASH EQUIVALENTS	596,419	534,020
Cash and Cash Equivalents - Beginning of Year	1,267,879	733,859
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,864,298	\$ 1,267,879
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	\$ 23,369	\$ 32,003

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Activities

Boys and Girls Clubs of the Twin Cities (the Clubs) is a nonprofit organization which provides programs to build character for boys and girls, ages 6 through 18. These programs are provided through eight urban Twin Cities youth facilities and one camp facility located outside of the Twin Cities metropolitan area. Substantially all of the Clubs' activities are financed by public support.

Boys and Girls Club of the Twin Cities Foundation (the Foundation) was incorporated to, among other matters, advance, support, and promote the growth and development of the Clubs. In January 1986, the Clubs transferred all assets of the Living Memorial Endowment Fund and the Boys and Girls Clubs of Minneapolis Endowment Fund to the Foundation. In March 1998, the Clubs transferred \$98,113 to the Foundation to be used to fund scholarships. The Foundation has agreed to abide by all restrictions imposed by the donors as to the use of these funds and the related investment income.

The majority of members of the Foundation's board of directors are also members of the Clubs' board of directors. Because of this common control of the two entities, the accompanying financial statements present the balance sheet and activities of the Clubs and the Foundation on a consolidated basis.

The consolidated financial statements include the accounts of the Clubs and the Foundation (collectively referred to as the Organization). All significant transactions between the two entities have been eliminated.

Basis of Presentation

Net assets and revenues, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization has elected to present contributions with restrictions that are temporary in nature, which are fulfilled in the same time period, within the net asset without donor restrictions.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonoperating Income and Expense

Nonoperating income and expense includes the investment income of the Foundation, the change in value of community foundation funds, gain, or loss on disposal of assets, and capital campaign activities.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash deposits, receivables, and investments. The Organization maintains cash reserves and cash balances in one financial institution. At times, the amounts on deposit may exceed federally insured limits. With respect to investments, the Organization places its investments with one financial institution.

Cash and Cash Equivalents

The Organization considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents.

Accounts Receivable

Receivables are recorded at their net realizable value. The Organization provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. An allowance is provided for accounts when a significant pattern of delinquency has occurred. No allowance for bad debts was recorded at August 31, 2021 and 2020.

Pledges and Grants Receivable

Pledges and grants that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until such time as the conditions are substantially met. An allowance of \$-0- has been recorded at August 31, 2021 and 2020.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Remainder Trust Receivable

Charitable remainder trusts are recognized as revenue with donor restrictions and as a receivable at the present value of the estimated future benefits to be received when the trust assets are distributed. Any changes in the value of the trust agreements will be reported as a change in the value of trust agreements. Two charitable remainder trusts have been recorded at present value of approximately \$124,000 and \$86,000 at August 31, 2021 and 2020, respectively. The trusts have been discounted using a rate of 7.25%.

Investments

The Organization carries its investments at market value and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Mutual funds, real estate, and complementary strategies consist of equities mutual funds, real estate funds, and alternative funds carried at quoted market values. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets.

All investment income of the Clubs is included in operating income, and all investment income of the Foundation is included in nonoperating income.

Capitalization Policy and Depreciation

The Organization capitalizes land, buildings, and equipment in excess of \$1,000 cost per item. Facilities that are leased for rent below market rate are recorded at fair value and are recorded in net assets with donor restrictions. Donated fixed assets are capitalized at their fair market value or appraised value. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. Costs of current repairs and minor replacements are charged to expense as incurred.

The Organization provides for depreciation of buildings and equipment on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and Leasehold Improvements	15 to 30 Years
Donated Building Use and Land Leases	50 Years
Furniture and Equipment	5 to 10 Years
Software and IT Equipment	3 Years
Vehicles	4 Years

Deferred Revenue

Deferred revenue consists of sponsorships and ticket revenue received in advance of the events.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Grants and Contracts

Governmental grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. As of August 31, 2021, the Organization had \$1,097,513 of available expenditures on existing government grants. This amount is considered to be conditional and will be recognized as revenue when eligible expenditures are incurred. Expenditures under governmental contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Contributions

Contributions, unconditional promises to give (pledges receivable), and other assets are recognized at fair values and are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

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 contributions are reported as increases in net assets with donor restrictions. When these restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. It is the Organization's policy to record contributions received with donor restrictions and expended in the same accounting period in net assets without donor restrictions.

Donated Goods and Services

Donated goods and services are valued at their fair market value and are presented as revenue and offsetting program costs.

Functional Expenses

The costs of programs and supporting services have been summarized on a functional basis. Salaries and related benefits are allocated based on department and employee job descriptions as well as estimated time spent on each program. All other costs are either allocated on a direct basis or are allocated on management's best estimate of usage.

Income Tax Status

Both Organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute. The Internal Revenue Service (IRS) determined the organizations are not private foundations. The Organizations are public charities and contributions to the organizations qualify as charitable tax deductions by the contributor.

The Organization follows guidance in the Accounting for Uncertainty in Income Taxes Standard. The Organization has no current obligation for unrelated business income tax.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

The Organization accounts for its investments at fair value. The Organization has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes long/short funds, private equity, venture capital, hedge fund, and real assets.

Changes in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Organization's financial statements reflect the adoption of ASU 2014-09 guidance beginning in fiscal year 2021. The adoption of 2014-09 did not impact the Organization's reported revenue.

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820) – Changes to the Disclosure Requirements for Fair Value Measurement*. The update is to improve the effectiveness of disclosures in the notes to the financial statements. The Foundation's financial statements reflect adoption of ASU 2018-13 guidance beginning in for the year-ended August 31, 2021 and retrospectively applied for the year-ended August 31, 2020. The adoption of ASU 2018-13 did not impact the Organization's reported change in net assets.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 16, 2021, the date the consolidated financial statements were available to be issued.

NOTE 2 PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consist of the following at August 31:

	2021		
	Clubs	Foundation	Total
Pledges and Grants Receivable Due			
Within One Year	\$ 976,673	\$ -	\$ 976,673
Pledges and Grants Receivable Due			
Within One to Five Years	5,000	-	5,000
Gross Pledges and Grants Receivable	981,673	-	981,673
Allowance for Uncollectible Pledges	-	-	-
Net Pledges and Grants Receivable	<u>\$ 981,673</u>	<u>\$ -</u>	<u>\$ 981,673</u>
	2020		
	Clubs	Foundation	Total
Pledges and Grants Receivable Due			
Within One Year	\$ 548,630	\$ -	\$ 548,630
Pledges and Grants Receivable Due			
Within One to Five Years	30,000	-	30,000
Gross Pledges and Grants Receivable	578,630	-	578,630
Allowance for Uncollectible Pledges	-	-	-
Net Pledges and Grants Receivable	<u>\$ 578,630</u>	<u>\$ -</u>	<u>\$ 578,630</u>

NOTE 3 FIXED ASSETS

Fixed assets consist of the following at August 31:

	2021	2020
	Clubs	Clubs
Land and Improvements	\$ 626,131	\$ 626,131
Building and Leasehold Improvements	17,961,840	17,353,371
Construction in Progress	211,454	17,222
Donated Building Use and Land Lease	2,395,288	2,470,008
Furniture and Equipment	3,091,105	2,684,835
Subtotal	24,285,818	23,151,567
Accumulated Depreciation	(13,217,002)	(12,664,608)
Fixed Assets, Net	<u>\$ 11,068,816</u>	<u>\$ 10,486,959</u>

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NOTE 4 NOTES PAYABLE AND LINE OF CREDIT

The following schedule of notes payable reflects the current value of outstanding loans at August 31:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note Payable - The Organization received a loan in the amount of \$663,900 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. In February 2021, this note was forgiven in its entirety by the SBA.	\$ -	\$ 663,900
Note Payable - \$611,688 fixed interest at 4.35%. Monthly principal and interest payments of \$6,319 for 59 months and one balloon payment at time of maturity. Loan secured by property and equipment. Note matures on August 16, 2024.	<u>508,794</u>	<u>558,101</u>
Total	<u>\$ 508,794</u>	<u>\$ 1,222,001</u>

The future annual debt payments consist of the following:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 43,412
2023	45,206
2024	47,028
2024	49,016
2025	<u>324,132</u>
Total	<u>\$ 508,794</u>

The Organization entered into a business line of credit agreement with a limit of \$700,000. The agreement expires February 10, 2023. Interest on the line of credit is the financial institution's index plus .50%, with an interest rate of no less than 4.75% (5.25% at August 31, 2021) and is secured by a mortgage on certain property. Outstanding balance was \$-0- at August 31, 2021 and 2020, respectively.

The PPP Loan was forgiven in February 2021; however the SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

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NOTE 5 LEASES

On August 1, 1993, the City of St. Paul and the Boys and Girls Clubs entered into a 30-year lease with the option to renew the lease for two successive terms of 10 years for land for the East Side Club. The yearly rental rate is \$1. The fair value of this land was appraised at \$1,130,000. The value of the land usage had been recorded at fair market value at the date of donation and is being amortized over the 50-year lease term. Accumulated amortization as of August 31, 2021 and 2020 was \$634,682 and \$612,082, respectively. Rent expense was \$22,600 for 2021 and 2020.

On June 1, 1996, the Organization entered into a lease with the city of St. Paul for land for the West Side Club. The lease is a 30-year lease with the option to renew for two successive terms of 10 years. The yearly rental rate is \$1. The fair value of the property had been appraised at \$606,000. The value of the land usage has been recorded at fair market value and is being amortized over the 50-year term. Accumulated amortization as of August 31, 2021 and 2020 was \$306,030 and \$293,910, respectively. Rent expense was \$12,120 for 2021 and 2020.

During the year ended August 31, 2012, the Organization entered into a lease with the city of St. Paul for the building for the Mount Airy Club and Administrative Center. The lease is a 30-year lease with the option to renew for two successive terms of 10 years. The yearly rental rate is \$1. The fair value of the property had been estimated at \$2,000,000. The value of the building usage had been reflected as in-kind revenue in 2012 at its fair market value and is being amortized over the 50-year lease term. Accumulated amortization as of August 31, 2021 and 2020 was \$400,000 and \$360,000, respectively. Rent expense was \$40,000 for 2021 and 2020.

On July 1, 2014, the Organization entered into a 10-year lease with the city of Minneapolis for the Phelps Park Building with an option to renew for two successive terms of five years each. The yearly rental rate is \$23,000 and can be adjusted every year based on the consumer price index. Rent expense was \$23,000 in 2021 and 2020.

The Organization also has several operating equipment leases. Minimum lease payments under space and equipment leases are as follows for the years ending August 31:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 52,027
2023	33,905
2024	27,384
2025	424
2026	-
Total	<u>\$ 113,740</u>

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NOTE 6 EMPLOYEE BENEFIT PLAN

The Clubs offer a tax-deferred annuity 403(b) plan to all eligible employees under which eligible employees may contribute 25% of their salary not to exceed annual IRS limitations. The Clubs match \$.50 for every \$1.00 of employee contributions up to 3% of the employees' salary. All employee contributions are fully vested. The Clubs' contributions vest 20% per year of eligible service after two years. Full vesting occurs after five years of eligible service. The pension expense was \$43,093 and \$47,188 for the years ended August 31, 2021 and 2020, respectively.

NOTE 7 NET ASSETS

Without Donor Restrictions – Board Designated

The board of directors have designated by board action \$427,591 and \$238,647 to be used for scholarships in 2021 and 2020, respectively. The net assets without donor restrictions – board designated consists of the following scholarships:

	2021 Clubs	2020 Clubs
Boys and Girls Clubs Scholarships	\$ 116,287	\$ 84,096
Weinert Voyageur Scholarship	1,993	5,180
Lenzmeier Scholarships	103,386	69,947
Nigon Scholarship	36,002	3,502
KERICK Scholarships	72,500	-
Skovran Scholarships	6,000	-
BGCA Golf Scholarship	3,500	3,500
All Star HomeTeam Scholarships	87,923	72,422
Total	\$ 427,591	\$ 238,647

These funds were designated by the board to be used for post-secondary scholarships for Club members. Each year, members apply for the available scholarships and are awarded based on criteria set-up by the scholarship sponsor. The annual awards can be from \$500 to \$5,000.

Each year the funds are replenished by the sponsor based on the number of recipients each year.

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NOTE 7 NET ASSETS (CONTINUED)

With Donor Restrictions

Net assets with donor restrictions consist of the following donor restrictions:

	2021		
	<u>Clubs</u>	<u>Foundation</u>	<u>Total</u>
Subject to Expenditure for Specified Purpose or Period of Time:			
Donated Building Lease	\$ 2,395,289	\$ -	\$ 2,395,289
Donor Advisory Fund	-	8,353	8,353
Charitable Remainder Trust	124,000	-	124,000
Voyageur Camp Operations	135,371	-	135,371
Capital Campaign Contributions	28,141	-	28,141
Cash Surrender Value of Life Insurance	-	177,100	177,100
Other Time and Program Restrictions	1,288,676	-	1,288,676
Total	<u>3,971,477</u>	<u>185,453</u>	<u>4,156,930</u>
Subject to Foundation Endowment Spending Policy and Appropriation	-	1,495,319	1,495,319
Original Donor-Restricted Endowment Amount and Amounts Required to be Maintained in Perpetuity by Donor:			
Scholarship	5,580	-	5,580
Endowment Fund	-	7,958,402	7,958,402
Community Foundation (Note 13)	-	223,999	223,999
Total	<u>5,580</u>	<u>8,182,401</u>	<u>8,187,981</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,977,057</u>	<u>\$ 9,863,173</u>	<u>\$ 13,840,230</u>

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NOTE 7 NET ASSETS (CONTINUED)

With Donor Restrictions (Continued)

	2020		
	Clubs	Foundation	Total
Subject to Expenditure for Specified Purpose or Period of Time:			
Donated Building Lease	\$ 2,470,008	\$ -	\$ 2,470,008
Donor Advisory Fund	-	7,283	7,283
Charitable Remainder Trust	86,000	-	86,000
Voyageur Camp Operations	135,371	-	135,371
Capital Campaign Contributions	28,275	-	28,275
Cash Surrender Value of Life Insurance	-	140,400	140,400
Other Time and Program Restrictions	419,771	-	419,771
Total	<u>3,139,425</u>	<u>147,683</u>	<u>3,287,108</u>
Subject to Foundation Endowment Spending Policy and Appropriation:	-	324,307	324,307
Original Donor-Restricted Endowment Amount and Amounts Required to be Maintained in Perpetuity by Donor:			
Scholarship	5,580	-	5,580
Endowment Fund	-	7,916,784	7,916,784
Community Foundation (Note 13)	-	182,356	182,356
Total	<u>5,580</u>	<u>8,099,140</u>	<u>8,104,720</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,145,005</u>	<u>\$ 8,571,130</u>	<u>\$ 11,716,135</u>

Net Assets Released from Restrictions

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2021		
	Clubs	Foundation	Total
Land Usage	\$ 74,720	\$ -	\$ 74,720
Other Time and Program Restrictions	149,468	372,210	521,678
Subtotal - Operating	224,188	372,210	596,398
Capital Campaign - Capital Expenditures	29,043	-	29,043
Total Releases	<u>\$ 253,231</u>	<u>\$ 372,210</u>	<u>\$ 625,441</u>
	2020		
	Clubs	Foundation	Total
Land Usage	\$ 74,720	\$ -	\$ 74,720
Other Time and Program Restrictions	184,572	371,717	556,289
Subtotal - Operating	259,292	371,717	631,009
Capital Campaign - Capital Expenditures	18,518	-	18,518
Total Releases	<u>\$ 277,810</u>	<u>\$ 371,717</u>	<u>\$ 649,527</u>

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NOTE 8 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

Assets measured at fair value on a recurring basis at August 31:

	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Bonds and Bond Mutual Funds	\$ 987,675	\$ 864,630	\$ -	\$ 1,852,305
Mutual Funds - Equities	5,397,607	-	-	5,397,607
Real Estate Securities	546,935	200,000	-	746,935
Complementary Strategies	1,196,159	-	-	1,196,159
Subtotal Investments	<u>8,128,376</u>	<u>1,064,630</u>	<u>-</u>	<u>9,193,006</u>
Community Foundation Funds	-	-	223,999	223,999
Remainder Trust Receivable	-	-	124,000	124,000
Total	<u><u>\$ 8,128,376</u></u>	<u><u>\$ 1,064,630</u></u>	<u><u>\$ 347,999</u></u>	<u><u>\$ 9,541,005</u></u>
	2020			Total
	Level 1	Level 2	Level 3	
Investments:				
Bonds and Bond Mutual Funds	\$ 1,109,114	\$ 1,405,327	\$ -	\$ 2,514,441
Mutual Funds - Equities	3,900,680	-	-	3,900,680
Real Estate Securities	349,195	-	-	349,195
Complementary Strategies	1,103,851	-	-	1,103,851
Subtotal Investments	<u>6,462,840</u>	<u>1,405,327</u>	<u>-</u>	<u>7,868,167</u>
Community Foundation Funds	-	-	182,356	182,356
Remainder Trust Receivable	-	-	86,000	86,000
Total	<u><u>\$ 6,462,840</u></u>	<u><u>\$ 1,405,327</u></u>	<u><u>\$ 268,356</u></u>	<u><u>\$ 8,136,523</u></u>

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NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets

The following tables provide summary of changes in fair value of the Organization's Level 3 financial assets for the years ended August 31:

	2021		
	Remainder Trust	Community Foundation	Total
	Receivable	Funds	
Balance - September 1, 2020	\$ 86,000	\$ 182,356	\$ 268,356
Investment Activity:			
Investment Income	-	48,324	48,324
Interest and Dividends	-	3,202	3,202
Change in Value of Remainder Trust	38,000	-	38,000
Disbursements:			
Grants Paid	-	(7,479)	(7,479)
Administrative Fees	-	(1,626)	(1,626)
Investment Expenses	-	(778)	(778)
Balance - August 31, 2021	<u>\$ 124,000</u>	<u>\$ 223,999</u>	<u>\$ 347,999</u>
	2020		
	Remainder Trust	Community Foundation	Total
	Receivable	Funds	
Balance - September 1, 2019	\$ 85,000	\$ 185,830	\$ 270,830
Investment Activity:			
Investment Loss	-	3,185	3,185
Interest and Dividends	-	3,182	3,182
Change in Value of Remainder Trust	1,000	-	1,000
Disbursements:			
Grants Paid	-	(7,486)	(7,486)
Administrative Fees	-	(1,596)	(1,596)
Investment Expenses	-	(759)	(759)
Balance - August 31, 2020	<u>\$ 86,000</u>	<u>\$ 182,356</u>	<u>\$ 268,356</u>

Community Foundation Funds and Remainder Trust Receivables are valued at fair value using the underlying assets of the fund or trust and the Organization's portion. There were no changes in valuation techniques and related inputs from the prior year.

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NOTE 9 ENDOWMENTS

The Organization has donor-restricted endowment funds established for the purpose of securing the Organization's long-term financial viability and continuing to meet the operational needs of the Organization. As required by GAAP, net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of both organizations have interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, management of the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy called Balanced: Appreciation Biased. This strategy places a primary emphasis on potential capital appreciation through the use of a diversified selection of stocks and a very important secondary emphasis on current income through the use of bonds and stock dividends.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Clubs' programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a blended benchmark while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to generate a total return which exceeds the annual payout to the Clubs plus reasonable expenses for custody and investment management plus the rate of inflation as measured by CPI over a market cycle.

Spending Policy

The spending policy of the Foundation was updated in April 2016 after the Foundation received a court order to consolidate all endowment funds into one fund and to adopt a spending policy for the new fund as a whole. The distribution value is now an amount equal to 5% of the fund's average of the fair market value of the fund of the preceding 12 quarters as of the close of June 30 each year. The fund's market value shall be based upon all assets in the fund including principal and retained earnings, and determined as of the last business day of the quarter.

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NOTE 9 ENDOWMENTS (CONTINUED)

Spending Policy (Continued)

This is consistent with the Organization's objective to generate a total return which exceeds the annual payout to the Clubs plus reasonable expenses for custody and investment management plus the rate of inflation as measured by CPI over a market cycle.

Changes in endowment net assets for the years ended August 31 were as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - September 1, 2020	\$ -	\$ 8,241,091	\$ 8,241,091
Investment Return:			
Investment Income	-	180,854	180,854
Net Realized and Unrealized Gains	-	1,477,616	1,477,616
Total Investment Return	-	1,658,470	1,658,470
Contributions	-	-	-
Appropriations of Endowment Assets for Expenditure	-	(445,840)	(445,840)
Endowment Net Assets - August 31, 2021	<u>\$ -</u>	<u>\$ 9,453,721</u>	<u>\$ 9,453,721</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - September 1, 2019	\$ -	\$ 7,583,265	\$ 7,583,265
Investment Return:			
Investment Income	-	207,361	207,361
Net Realized and Unrealized Losses	-	387,799	387,799
Total Investment Return	-	595,160	595,160
Contributions	-	501,385	501,385
Appropriations of Endowment Assets for Expenditure	-	(438,719)	(438,719)
Endowment Net Assets - August 31, 2020	<u>\$ -</u>	<u>\$ 8,241,091</u>	<u>\$ 8,241,091</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were \$11,280 and \$40,300 as of August 31, 2021 and 2020, respectively. These deficiencies resulted from unfavorable market fluctuations in the endowment fund's investments and continued appropriations that were deemed prudent by the board of directors.

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NOTE 10 DONATED GOODS AND SERVICES

Donated materials and services have been valued at their estimated fair value. The value of donated materials and services included in the financial statements and the corresponding expenditures are as follows:

	2021		
	Clubs	Foundation	Total
In-Kind Revenue (Contributions):			
Donated Supplies and Tickets	\$ 5,000	-	\$ 5,000
Donated Furniture and Equipment	43,509	-	43,509
Donated Buildings and Improvements	575,567	-	575,567
Total	<u>\$ 624,076</u>	<u>\$ -</u>	<u>\$ 624,076</u>
 In-Kind Expenses:			
Program Supplies and Tickets	\$ 5,000	\$ -	\$ 5,000
Rent (See Note 6)	74,720	-	74,720
Donated Services	-	-	-
Total	<u>\$ 79,720</u>	<u>\$ -</u>	<u>\$ 79,720</u>
 Fixed Assets:	<u>\$ 575,567</u>	<u>\$ -</u>	<u>\$ 575,567</u>
	2020		
	Clubs	Foundation	Total
In-Kind Revenue (Contributions):			
Donated Supplies and Tickets	\$ 43,190	-	\$ 43,190
Donated Services	13,575	-	13,575
Total	<u>\$ 56,765</u>	<u>\$ -</u>	<u>\$ 56,765</u>
 In-Kind Expenses:			
Program Supplies and Tickets	\$ 43,190	\$ -	\$ 43,190
Rent (See Note 6)	74,720	-	74,720
Donated Services	13,575	-	13,575
Total	<u>\$ 131,485</u>	<u>\$ -</u>	<u>\$ 131,485</u>

NOTE 11 RELATED PARTIES

The Clubs are required to pay dues to the Boys and Girls Clubs of America. The dues for 2021 and 2020 were \$17,832 and \$18,797, respectively. The Clubs also received \$555,162 and \$296,971 of grants from the National organization in 2021 and 2020, respectively. The Clubs also paid dues to the Boys and Girls Clubs of Minnesota Alliance of \$32,046 in 2021 and 2020.

At August 31, 2021 and 2020, pledges totaling \$45,000 and \$103,977, respectively, were outstanding from board members of the Organization.

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NOTE 12 COMMUNITY FOUNDATION FUNDS

The St. Paul Foundation holds and administers funds totaling \$1,542,655 and \$1,255,857 for the years ended August 31, 2021 and 2020, respectively, of donor advised contributions from individuals to the St. Paul Foundation for the benefit of the Boys and Girls Clubs of the Twin Cities. The Organization’s agreement with the Foundation requires that the principal be maintained in four separate advised funds with the income available for distribution to Boys and Girls Clubs of the Twin Cities subject to the St. Paul Foundation’s Board of Trustees approval and subject to their “variance powers” to redirect such gifts.

The four funds held assets as of August 31 as follows:

	2021	2020
Camping Scholarships	\$ 164,258	\$ 133,720
Endowment Fund	932,569	759,193
Facilities Maintenance Fund	221,829	180,588
Subtotal St. Paul Foundation Net Asset	<u>1,318,656</u>	<u>1,073,501</u>
Endowment Fund - Foundation Net Assets	223,999	182,356
Total Held by St. Paul Foundation	<u>\$ 1,542,655</u>	<u>\$ 1,255,857</u>

The four donor advised funds were set up at the St. Paul Foundation for the following purposes:

- Camping – designated for camp scholarships
- Endowment – designated for general support
- Facilities – designated for on-going maintenance at the Club’s facilities
- Endowment – Foundation Net Assets – designated for general support

The amount received each year from the funds are based on the spending rate determined by the St. Paul Foundation based on their spending policy. To stabilize the annual distribution amount, the annual spending rate will not be less than 4.25% or more than 5.5% of a fund’s current market rate. The amount distributed each year is calculated in the first quarter of each year with December 31 of the previous year as the last measurement point.

The portion of the Endowment fund recorded as net assets by the Foundation represents the amount contributed by the Foundation to St. Paul Foundation for its own benefit. Total contributions received from the St. Paul Foundation for the years ended August 31, 2021 and 2020 was \$51,504 and \$51,558, respectively.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 13 LIQUIDITY AND AVAILABILITY

Based on the analysis of its revenue cycle and according to its financial policies, the Clubs' goal is to maintain a minimum operating reserve of 30 days, with the value calculated as no less than one twelfth of the budgeted annual operating expenses.

Operating Reserve Required per Policy - 30 days

Budgeted Annual Operating Expenses FY2021	<u>\$ 6,548,435</u>
One Twelfth of the Budgeted Operating Expenses FY2021	<u>\$ 545,703</u>

The reserve itself consists of those assets without restrictions: cash, receivables, and pledges and grants receivable. The portion of assets with donor restrictions included in the reserve is an estimate of funds likely to be released from restrictions within one year.

	<u>Clubs</u>	<u>Foundation</u>
Cash	\$ 911,342	\$ 269,084
Receivables	27,875	-
Pledges and Grants Receivable	981,673	-
Transfer to/(from) BGCTC Foundation	269,084	(269,084)
Total	<u>\$ 2,189,974</u>	<u>\$ -</u>

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATING BALANCE SHEET
AUGUST 31, 2021
(SEE INDEPENDENT AUDTIORS' REPORT)**

	Clubs	Foundation	Consolidated Total
ASSETS			
Cash and Cash Equivalents	\$ 1,595,214	\$ 269,084	\$ 1,864,298
Receivables	27,875	-	27,875
Pledges and Grants Receivable	981,673	-	981,673
Remainder Trust Receivable	124,000	-	124,000
Prepaid Expenses	219,270	-	219,270
Investments	-	9,193,006	9,193,006
Cash Surrender Value of Life Insurance Policies	-	177,100	177,100
Community Foundation Funds	-	223,999	223,999
Fixed Assets, Net of Accumulated Depreciation of \$13,217,002	11,068,816	-	11,068,816
Total Assets	\$ 14,016,848	\$ 9,863,189	\$ 23,880,037
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	\$ 189,480	\$ -	\$ 189,480
Fiscal Agent Payable	295,115	-	295,115
Accrued Expenses	340,484	-	340,484
Deferred Revenue	-	-	-
Lines of Credit	-	-	-
Notes Payable	508,794	-	508,794
Total Liabilities	1,333,873	-	1,333,873
NET ASSETS			
Without Donor Restrictions:			
Undesignated	8,278,327	16	8,278,343
Board Designated	427,591	-	427,591
Subtotal - Without Donor Restrictions	8,705,918	16	8,705,934
With Donor Restrictions	3,977,057	9,863,173	13,840,230
Total Net Assets	12,682,975	9,863,189	22,546,164
Total Liabilities and Net Assets	\$ 14,016,848	\$ 9,863,189	\$ 23,880,037

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021
(SEE INDEPENDENT AUDTIORS' REPORT)**

	Clubs		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING - REVENUE, GAINS, AND OTHER SUPPORT			
Contributions, Including In-Kind Contributions of \$624,076	\$ 4,779,401	\$ 457,498	\$ 5,236,899
Special Events, Net of Expenses of \$95,983	418,116	-	418,116
Grants and Contracts	2,477,371	428,785	2,906,156
Program Fees	71,504	-	71,504
Change in Value of Split-Interest Agreements	-	38,000	38,000
Rental Income	23,850	-	23,850
Other Income	584	-	584
Net Assets Released from Restrictions - Operating	224,188	(224,188)	-
Total Operating - Revenue, Gains, and Other Support	7,995,014	700,095	8,695,109
EXPENSES			
Program Services	5,501,028	-	5,501,028
Support Services:			
Administration	785,658	-	785,658
Fundraising	657,709	-	657,709
Total Support Services	1,443,367	-	1,443,367
Total Expenses	6,944,395	-	6,944,395
CHANGE IN NET ASSETS OPERATING	1,050,619	700,095	1,750,714
NONOPERATING REVENUE (EXPENSE)			
Change in Value of Community Foundation	-	-	-
Capital Grants for Clubs	15,200	116,000	131,200
Capital Government Grants for Clubs	128,849	45,000	173,849
Investment Income	-	-	-
Loss on Disposal of Assets	(3,202)	-	(3,202)
Net Assets Released from Restrictions - Capital	29,043	(29,043)	-
Change in Net Assets Nonoperating	169,890	131,957	301,847
NET ASSETS CHANGE PRIOR TO OTHER CHANGES	1,220,509	832,052	2,052,561
OTHER CHANGES IN NET ASSETS			
Transfers (to) from Clubs/Foundation	423,714	-	423,714
CHANGE IN NET ASSETS	1,644,223	832,052	2,476,275
Net Assets - Beginning of Year	7,061,695	3,145,005	10,206,700
NET ASSETS - END OF YEAR	<u>\$ 8,705,918</u>	<u>\$ 3,977,057</u>	<u>\$ 12,682,975</u>

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION (CONTINUED)
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021
(SEE INDEPENDENT AUDTIORS' REPORT)**

	Foundation			Eliminations	2021 Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total		
OPERATING - REVENUE, GAINS, AND OTHER SUPPORT					
Contributions, Including In-Kind Contributions of \$624,076	\$ 51,504	\$ -	\$ 51,504	\$ -	\$ 5,288,403
Special Events, Net of Expenses of \$95,983	-	-	-	-	418,116
Grants and Contracts	-	-	-	-	2,906,156
Program Fees	-	-	-	-	71,504
Change in Value of Split-Interest Agreements	-	36,700	36,700	-	74,700
Rental Income	-	-	-	-	23,850
Other Income	-	-	-	-	584
Net Assets Released from Restrictions - Operating	372,210	(372,210)	-	-	-
Total Operating - Revenue, Gains, and Other Support	423,714	(335,510)	88,204	-	8,783,313
EXPENSES					
Program Services	-	-	-	-	5,501,028
Support Services:					
Administration	-	7,240	7,240	-	792,898
Fundraising	-	-	-	-	657,709
Total Support Services	-	7,240	7,240	-	1,450,607
Total Expenses	-	7,240	7,240	-	6,951,635
CHANGE IN NET ASSETS OPERATING	423,714	(342,750)	80,964	-	1,831,678
NONOPERATING REVENUE (EXPENSE)					
Change in Value of Community Foundation	-	41,643	41,643	-	41,643
Capital Grants for Clubs	-	-	-	-	131,200
Capital Government Grants for Clubs	-	-	-	-	173,849
Investment Income	-	1,593,150	1,593,150	-	1,593,150
Loss on Disposal of Assets	-	-	-	-	(3,202)
Net Assets Released from Restrictions - Capital	-	-	-	-	-
Change in Net Assets Nonoperating	-	1,634,793	1,634,793	-	1,936,640
NET ASSETS CHANGE PRIOR TO OTHER CHANGES	423,714	1,292,043	1,715,757	-	3,768,318
OTHER CHANGES IN NET ASSETS					
Transfers (to) from Clubs/Foundation	(423,714)	-	(423,714)	-	-
CHANGE IN NET ASSETS	-	1,292,043	1,292,043	-	3,768,318
Net Assets - Beginning of Year	16	8,571,130	8,571,146	-	18,777,846
NET ASSETS - END OF YEAR	<u>\$ 16</u>	<u>\$ 9,863,173</u>	<u>\$ 9,863,189</u>	<u>\$ -</u>	<u>\$ 22,546,164</u>

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