

**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, 2022 AND 2021**



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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, 2022 AND 2021**

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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 Audit of the Consolidated Financial Statements**

### ***Opinion***

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, which comprise the consolidated balance sheets as of August 31, 2022 and 2021, 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.

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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Clubs of the Twin Cities and Boys and Girls Club of the Twin Cities Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

***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 following the notes to the consolidated financial statements 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 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
January 23, 2023

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATED BALANCE SHEETS  
AUGUST 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 883,210	\$ 1,864,298
Receivables	63,450	27,875
Pledges and Grants Receivable	1,180,180	981,673
Remainder Trust Receivable	-	124,000
Prepaid Expenses	128,345	81,858
Investments	13,543,217	9,193,006
Cash Surrender Value of Life Insurance Policies	149,600	177,100
Community Foundation Funds	205,557	223,999
Fixed Assets - Net	11,180,268	11,068,816
Total Assets	\$ 27,333,827	\$ 23,742,625
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 355,851	\$ 189,480
Fiscal Agent Payable	302,240	295,115
Accrued Expenses	211,762	203,072
Notes Payable	465,393	508,794
Total Liabilities	1,335,246	1,196,461
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	7,397,763	8,278,343
Board Designated	6,438,297	427,591
Subtotal - Without Donor Restrictions	13,836,060	8,705,934
With Donor Restrictions	12,162,521	13,840,230
Total Net Assets	25,998,581	22,546,164
Total Liabilities and Net Assets	\$ 27,333,827	\$ 23,742,625

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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING - REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 8,693,176	\$ 557,524	\$ 9,250,700
In-Kind Contributions	222,006	-	222,006
Special Events, Net of Expenses of \$195,197	257,544	-	257,544
Grants and Contracts	2,066,348	630,568	2,696,916
Program Fees	75,355	-	75,355
Investment Loss	(26,808)	-	(26,808)
Change in Value of Split-Interest Agreements	-	(27,500)	(27,500)
Rental Income	23,603	-	23,603
Other Income	19,364	-	19,364
Net Assets Released from Restrictions - Operating	<u>1,430,107</u>	<u>(1,430,107)</u>	<u>-</u>
Total Operating - Revenue, Gains, and Other Support	12,760,695	(269,515)	12,491,180
<b>EXPENSES</b>			
Program Services	6,290,101	-	6,290,101
Support Services:			
Administration	987,894	7,579	995,473
Fundraising	648,318	-	648,318
Total Support Services	<u>1,636,212</u>	<u>7,579</u>	<u>1,643,791</u>
Total Expenses	<u>7,926,313</u>	<u>7,579</u>	<u>7,933,892</u>
<b>CHANGE IN NET ASSETS OPERATING</b>	4,834,382	(277,094)	4,557,288
<b>NONOPERATING</b>			
Change in Value of Community Foundation	-	(18,442)	(18,442)
Capital Grants for Clubs	-	-	-
Capital Government Grants for Clubs	-	-	-
Investment Loss	-	(1,086,429)	(1,086,429)
Loss on Disposal	-	-	-
Net Assets Released from Restrictions - Capital	<u>295,744</u>	<u>(295,744)</u>	<u>-</u>
Change in Net Assets Nonoperating	<u>295,744</u>	<u>(1,400,615)</u>	<u>(1,104,871)</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	5,130,126	(1,677,709)	3,452,417
Net Assets - Beginning of Year	<u>8,705,934</u>	<u>13,840,230</u>	<u>22,546,164</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 13,836,060</u>	<u>\$ 12,162,521</u>	<u>\$ 25,998,581</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 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING - REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 4,206,829	\$ 457,498	\$ 4,664,327
In-Kind Contributions	624,076	-	624,076
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	596,398	(596,398)	-
Total Operating - Revenue, Gains, and Other Support	8,418,728	364,585	8,783,313
<b>EXPENSES</b>			
Program Services	5,501,028	-	5,501,028
Support Services:			
Administration	785,658	7,240	792,898
Fundraising	657,709	-	657,709
Total Support Services	1,443,367	7,240	1,450,607
Total Expenses	6,944,395	7,240	6,951,635
<b>CHANGE IN NET ASSETS OPERATING</b>	1,474,333	357,345	1,831,678
<b>NONOPERATING</b>			
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	29,043	(29,043)	-
Change in Net Assets Nonoperating	169,890	1,766,750	1,936,640
<b>TOTAL CHANGE IN NET ASSETS</b>	1,644,223	2,124,095	3,768,318
Net Assets - Beginning of Year	7,061,711	11,716,135	18,777,846
<b>NET ASSETS - END OF YEAR</b>	<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 FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2022**

	Support Services			Total Support Services	Total
	Program Services	Administration	Fundraising		
<b>OPERATING</b>					
Salaries and Wages	\$ 3,016,134	\$ 553,333	\$ 427,623	\$ 980,956	\$ 3,997,090
Payroll Taxes	206,194	32,650	24,272	56,922	263,116
Benefits	396,195	66,128	47,742	113,870	510,065
Total Personnel Costs	<u>3,618,523</u>	<u>652,111</u>	<u>499,637</u>	<u>1,151,748</u>	<u>4,770,271</u>
Utilities	370,118	14,367	14,315	28,682	398,800
Supplies	502,497	19,301	7,195	26,496	528,993
In-Kind Program Incentives	4,278	-	-	-	4,278
Insurance	121,113	5,218	5,308	10,526	131,639
Professional Fees	180,633	168,543	32,961	201,504	382,137
Maintenance and Repairs	321,633	31,260	36,174	67,434	389,067
Interest Expense	14,344	20,219	17,443	37,662	52,006
Staff Training	25,673	5,266	1,643	6,909	32,582
National and Regional Dues	50,436	917	503	1,420	51,856
Telephone	83,737	13,478	12,224	25,702	109,439
Rent	23,000	-	-	-	23,000
In-Kind Rent	74,720	-	-	-	74,720
Travel	58,377	16,173	6,788	22,961	81,338
Postage and Printing	30,778	4,503	10,958	15,461	46,239
Scholarships	100,348	8,500	-	8,500	108,848
Other	19,722	25,478	807	26,285	46,007
Total Before Depreciation	<u>5,599,930</u>	<u>985,334</u>	<u>645,956</u>	<u>1,631,290</u>	<u>7,231,220</u>
Depreciation	690,171	10,139	2,362	12,501	702,672
Total Operating	<u>6,290,101</u>	<u>995,473</u>	<u>648,318</u>	<u>1,643,791</u>	<u>7,933,892</u>
Special Events	-	-	195,197	195,197	195,197
<b>Total</b>	<u><u>\$ 6,290,101</u></u>	<u><u>\$ 995,473</u></u>	<u><u>\$ 843,515</u></u>	<u><u>\$ 1,838,988</u></u>	<u><u>\$ 8,129,089</u></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 Support Services	Total
	Program Services	Administration	Fundraising		
<b>OPERATING</b>					
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	<u>2,992,869</u>	<u>587,158</u>	<u>514,755</u>	<u>1,101,913</u>	<u>4,094,782</u>
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	<u>4,907,603</u>	<u>787,691</u>	<u>655,332</u>	<u>1,443,023</u>	<u>6,350,626</u>
Depreciation	593,425	5,207	2,377	7,584	601,009
Total Operating	<u>5,501,028</u>	<u>792,898</u>	<u>657,709</u>	<u>1,450,607</u>	<u>6,951,635</u>
Special Events	-	-	95,983	95,983	95,983
<b>Total</b>	<u><u>\$ 5,501,028</u></u>	<u><u>\$ 792,898</u></u>	<u><u>\$ 753,692</u></u>	<u><u>\$ 1,546,590</u></u>	<u><u>\$ 7,047,618</u></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 STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets - Operating	\$ 4,557,288	\$ 1,831,678
Adjustments to Reconcile Change in Operating Net Assets to Net Cash Provided by Operating Activities:		
Net Nonoperating Activity	(1,104,871)	1,936,640
Depreciation	702,672	601,009
Amortization of Donated Building Lease	74,720	74,720
Donated Fixed Assets	(217,728)	(619,076)
Unrealized and Realized (Gain) Loss on Investments	1,414,476	(1,477,734)
Change in Cash Surrender Value of Life Insurance Policies	27,500	(36,700)
Change in Value of Remainder Trust Receivable	-	(38,000)
Change in Value of Community Foundation Assets	18,442	(41,643)
PPP Loan Forgiveness	-	(663,900)
(Increase) Decrease in Current Assets:		
Receivables	(35,575)	3,652
Pledges and Grants Receivable	(74,507)	(403,043)
Prepaid Expenses and Other Current Assets	(46,487)	(109,692)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	135,409	41,966
Fiscal Agent Payable	7,125	35,784
Accrued Expenses	8,690	3,180
Deferred Revenue and Advances	-	(7,500)
Net Cash Provided by Operating Activities	<u>5,467,154</u>	<u>1,131,341</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Marketable Securities	(8,234,007)	(5,281,495)
Sales of Marketable Securities	2,469,320	5,434,390
Purchase of Fixed Assets	(640,154)	(638,510)
Net Cash Used by Investing Activities	<u>(6,404,841)</u>	<u>(485,615)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Notes Payable	(43,401)	(49,307)
Net Cash Used by Financing Activities	<u>(43,401)</u>	<u>(49,307)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(981,088)	596,419
Cash and Cash Equivalents - Beginning of Year	<u>1,864,298</u>	<u>1,267,879</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 883,210</u>	<u>\$ 1,864,298</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash Paid for Interest	<u>\$ 19,935</u>	<u>\$ 23,369</u>
Property and Equipment Additions Included in Accounts Payable	<u>\$ 30,962</u>	<u>\$ -</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  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2022 AND 2021**

**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, 2022 AND 2021**

**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.

A contribution totaling \$4,800,000 was received from a single donor for the year ended August 31, 2022, which represents 52% of contributions. Pledges and grants receivable of \$466,666 was due from a single donor for the year ended August 31, 2022. Should these contribution levels decrease, the Club may be adversely affected. There were no concentrations for the year ended August 31, 2021.

**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, 2022 and 2021.

**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, 2022 and 2021.

**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, 2022 AND 2021**

**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 and have been discounted using a rate of 7.25%. Proceeds from both trusts were received in the year ended August 31, 2022 therefore the receivable is \$-0- as of year end.

**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

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**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, 2022, the Organization had \$209,777 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.

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**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.

**Adoption of Accounting Pronouncement**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying consolidated financial statements or disclosures.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.



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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 23, 2023, 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:

	2022		
	Clubs	Foundation	Total
Pledges and Grants Receivable Due			
Within One Year	\$ 946,847	\$ -	\$ 946,847
Pledges and Grants Receivable Due			
Within One to Five Years	233,333	-	233,333
Gross Pledges and Grants Receivable	1,180,180	-	1,180,180
Allowance for Uncollectible Pledges	-	-	-
Net Pledges and Grants Receivable	<u>\$ 1,180,180</u>	<u>\$ -</u>	<u>\$ 1,180,180</u>
	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>

**NOTE 3 FIXED ASSETS**

Fixed assets consist of the following at August 31:

	2022	2021
	Clubs	Clubs
Land and Improvements	\$ 626,131	\$ 626,131
Building and Leasehold Improvements	18,461,107	17,961,840
Construction in Progress	28,310	211,454
Donated Building Use and Land Lease	2,320,568	2,395,288
Furniture and Equipment	3,064,809	3,091,105
Subtotal	<u>24,500,925</u>	<u>24,285,818</u>
Accumulated Depreciation	<u>(13,320,657)</u>	<u>(13,217,002)</u>
Fixed Assets, Net	<u>\$ 11,180,268</u>	<u>\$ 11,068,816</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>2022</u>	<u>2021</u>
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.	\$ 465,393	\$ 508,794
Total	<u>\$ 465,393</u>	<u>\$ 508,794</u>

The future annual debt payments consist of the following:

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ 45,206
2024	47,028
2025	49,016
2026	51,042
2027	273,101
Total	<u>\$ 465,393</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, 2022) and is secured by a mortgage on certain property. Outstanding balance was \$-0- at August 31, 2022 and 2021.

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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, 2022 and 2021 was \$657,282 and \$634,682, respectively. Rent expense was \$22,600 for 2022 and 2021.

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, 2022 and 2021 was \$318,150 and \$306,030, respectively. Rent expense was \$12,120 for 2022 and 2021.

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, 2022 and 2021 was \$440,000 and \$400,000, respectively. Rent expense was \$40,000 for 2022 and 2021.

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 2022 and 2021.

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>
2023	\$ 52,980
2024	36,255
2025	6,685
2026	6,261
2027	1,565
Total	<u>\$ 103,746</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 \$44,149 and \$43,093 for the years ended August 31, 2022 and 2021, respectively.

**NOTE 7 NET ASSETS**

**Without Donor Restrictions – Board Designated**

The board of directors have designated by board action \$6,438,297 and \$427,591 to be used for an operating reserve and scholarships in 2022 and 2021, respectively. The net assets without donor restrictions – board designated consists of the following:

	2022 Clubs	2021 Clubs
Board Designated Reserve	\$ 5,963,837	\$ -
Boys and Girls Clubs Scholarships	125,684	116,287
Weinert Voyageur Scholarship	1,993	1,993
Lenzmeier Scholarships	120,893	103,386
Nigon Scholarship	47,002	36,002
KERICK Scholarships	76,466	72,500
Skovran Scholarships	6,000	6,000
BGCA Golf Scholarship	3,500	3,500
All Star HomeTeam Scholarships	92,922	87,923
Total	<u>\$ 6,438,297</u>	<u>\$ 427,591</u>

The scholarship 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:

	2022		
	<u>Clubs</u>	<u>Foundation</u>	<u>Total</u>
Subject to Expenditure for Specified Purpose or Period of Time:			
Donated Building Lease	\$ 2,320,568	\$ -	\$ 2,320,568
Donor Advisory Fund	-	7,019	7,019
Charitable Remainder Trust	-	-	-
Voyageur Camp Operations	119,167	-	119,167
Capital Campaign Contributions	28,141	-	28,141
Cash Surrender Value of Life Insurance	-	149,600	149,600
Other Time and Program Restrictions	1,355,138	-	1,355,138
Total	<u>3,823,014</u>	<u>156,619</u>	<u>3,979,633</u>
Subject to Foundation Endowment Spending Policy and Appropriation	-	237,348	237,348
Original Donor-Restricted Endowment Amount and Amounts Required to be Maintained in Perpetuity by Donor:			
Scholarship	5,580	-	5,580
Endowment Fund	-	7,734,403	7,734,403
Community Foundation (Note 12)	-	205,557	205,557
Total	<u>5,580</u>	<u>7,939,960</u>	<u>7,945,540</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 3,828,594</u></b>	<b><u>\$ 8,333,927</u></b>	<b><u>\$ 12,162,521</u></b>

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**NOTE 7 NET ASSETS (CONTINUED)**

**With Donor Restrictions (Continued)**

	2021		
	Clubs	Foundation	Total
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:	-	1,719,318	1,719,318
Original Donor-Restricted Endowment Amount and Amounts Required to be Maintained in Perpetuity by Donor:			
Scholarship	5,580	-	5,580
Endowment Fund	-	7,734,403	7,734,403
Community Foundation (Note 12)	-	223,999	223,999
Total	<u>5,580</u>	<u>7,958,402</u>	<u>7,963,982</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,977,057</u>	<u>\$ 9,863,173</u>	<u>\$ 13,840,230</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.

	2022		
	Clubs	Foundation	Total
Land Usage	\$ 74,720	\$ -	\$ 74,720
Other Time and Program Restrictions	966,091	389,296	1,355,387
Subtotal - Operating	1,040,811	389,296	1,430,107
Capital Campaign - Capital Expenditures	295,744	-	295,744
Total Releases	<u>\$ 1,336,555</u>	<u>\$ 389,296</u>	<u>\$ 1,725,851</u>
	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>

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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:

	2022			Total
	Level 1	Level 2	Level 3	
Investments:				
Bond Mutual Funds	\$ 752,564	\$ -	\$ -	\$ 752,564
Mutual Funds - Equities	4,060,369	-	-	4,060,369
Real Estate Securities	566,055	232,642	-	798,697
Complementary Strategies	978,022	-	-	978,022
Government Obligations	-	877,719	-	877,719
Corporate Obligations	-	3,463,131	-	3,463,131
Subtotal Investments	6,357,010	4,573,492	-	10,930,502
Cash and Cash Equivalents	-	-	-	2,612,715
Community Foundation Funds	-	-	205,557	205,557
Remainder Trust Receivable	-	-	-	-
Total	<u>\$ 6,357,010</u>	<u>\$ 4,573,492</u>	<u>\$ 205,557</u>	<u>\$ 13,748,774</u>

	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Bond Mutual Funds	\$ 659,459	\$ -	\$ -	\$ 659,459
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
Government Obligations	-	531,777	-	531,777
Corporate Obligations	-	661,069	-	661,069
Subtotal Investments	7,800,160	1,392,846	-	9,193,006
Cash and Cash Equivalents	-	-	-	-
Community Foundation Funds	-	-	223,999	223,999
Remainder Trust Receivable	-	-	124,000	124,000
Total	<u>\$ 7,800,160</u>	<u>\$ 1,392,846</u>	<u>\$ 347,999</u>	<u>\$ 9,541,005</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:

	2022		Total
	Remainder Trust Receivable	Community Foundation Funds	
Balance - September 1, 2021	\$ 124,000	\$ 223,999	\$ 347,999
Investment Activity:			
Investment Loss	-	(14,197)	(14,197)
Interest and Dividends	-	4,287	4,287
Change in Value of Remainder Trust	-	-	-
Contributions	67,404	-	67,404
Disbursements:			
Grants Paid	(191,404)	(7,864)	(199,268)
Administrative Fees	-	(424)	(424)
Investment Expenses	-	(244)	(244)
Balance - August 31, 2022	<u>\$ -</u>	<u>\$ 205,557</u>	<u>\$ 205,557</u>

	2021		Total
	Remainder Trust Receivable	Community Foundation 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>

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:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - September 1, 2021	\$ -	\$ 9,453,721	\$ 9,453,721
Investment Return:			
Investment Income	-	361,520	361,520
Net Realized and Unrealized Losses	-	(1,376,709)	(1,376,709)
Total Investment Return	-	(1,015,189)	(1,015,189)
Contributions	-	-	-
Appropriations of Endowment Assets for Expenditure	-	(466,781)	(466,781)
Endowment Net Assets - August 31, 2022	<u>\$ -</u>	<u>\$ 7,971,751</u>	<u>\$ 7,971,751</u>
	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>

**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 \$88,246 and \$11,280 as of August 31, 2022 and 2021, 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.

**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, 2022 AND 2021**

**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 consolidated financial statements and the corresponding expenditures are as follows:

	2022		
	Clubs	Foundation	Total
In-Kind Revenue:			
Donated Supplies and Tickets	\$ 4,278	\$ -	\$ 4,278
Donated Furniture and Equipment	17,728	-	17,728
Donated Buildings and Improvements	200,000	-	200,000
Total	<u>\$ 222,006</u>	<u>\$ -</u>	<u>\$ 222,006</u>
In-Kind Expenses:			
Program Supplies and Tickets	\$ 4,278	\$ -	\$ 4,278
Rent (See Note 5)	74,720	-	74,720
Total	<u>\$ 78,998</u>	<u>\$ -</u>	<u>\$ 78,998</u>
Fixed Assets:	<u>\$ 217,728</u>	<u>\$ -</u>	<u>\$ 217,728</u>
	2021		
	Clubs	Foundation	Total
In-Kind Revenue:			
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 5)	74,720	-	74,720
Total	<u>\$ 79,720</u>	<u>\$ -</u>	<u>\$ 79,720</u>
Fixed Assets:	<u>\$ 619,076</u>	<u>\$ -</u>	<u>\$ 619,076</u>

**NOTE 11 RELATED PARTIES**

The Clubs are required to pay dues to the Boys and Girls Clubs of America. The dues for 2022 and 2021 were \$18,238 and \$17,832, respectively. The Clubs also received \$1,449,136 and \$555,162 of grants from the National organization in 2022 and 2021, respectively. The Clubs also paid dues to the Boys and Girls Clubs of Minnesota Alliance of \$32,046 in 2022 and 2021.

At August 31, 2022 and 2021, pledges totaling \$40,000 and \$45,000, respectively, were outstanding from board members of the Organization.

**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, 2022 AND 2021**

**NOTE 12 COMMUNITY FOUNDATION FUNDS**

The St. Paul Foundation holds and administers funds totaling \$1,415,644 and \$1,542,655 for the years ended August 31, 2022 and 2021, 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:

	<u>2022</u>	<u>2021</u>
Camping Scholarships	\$ 150,734	\$ 164,258
Endowment Fund	855,788	932,569
Facilities Maintenance Fund	<u>203,565</u>	<u>221,829</u>
Subtotal St. Paul Foundation Net Asset	1,210,087	1,318,656
Endowment Fund - Foundation Net Assets	<u>205,557</u>	<u>223,999</u>
Total Held by St. Paul Foundation	<u>\$ 1,415,644</u>	<u>\$ 1,542,655</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, 2022 and 2021 was \$54,159 and \$51,504, 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, 2022 AND 2021**

**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 FY2022	<u>\$ 7,483,979</u>
One Twelfth of the Budgeted Operating Expenses FY2022	<u>\$ 623,665</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	\$ 483,821	\$ 399,390
Receivables	63,450	-
Pledges and Grants Receivable	946,847	-
Transfer to/(from) BGCTC Foundation	399,390	(399,390)
Total	<u>\$ 1,893,508</u>	<u>\$ -</u>

In addition, the board of directors has also designated \$5,963,837 as an operating reserve that can be used to meet general expenditures as necessary.

**BOYS AND GIRLS CLUBS OF THE TWIN CITIES AND  
BOYS AND GIRLS CLUB OF THE TWIN CITIES FOUNDATION  
CONSOLIDATING BALANCE SHEET  
AUGUST 31, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	<u>Clubs</u>	<u>Foundation</u>	<u>Consolidated Total</u>
Cash and Cash Equivalents	\$ 483,820	\$ 399,390	\$ 883,210
Receivables	63,450	-	63,450
Pledges and Grants Receivable	1,180,180	-	1,180,180
Remainder Trust Receivable	-	-	-
Prepaid Expenses	128,345	-	128,345
Investments	5,963,837	7,579,380	13,543,217
Cash Surrender Value of Life Insurance Policies	-	149,600	149,600
Community Foundation Funds	-	205,557	205,557
Fixed Assets, Net of Accumulated Depreciation of \$13,320,657	<u>11,180,268</u>	<u>-</u>	<u>11,180,268</u>
<b>Total Assets</b>	<b><u>\$ 18,999,900</u></b>	<b><u>\$ 8,333,927</u></b>	<b><u>\$ 27,333,827</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 355,851	\$ -	\$ 355,851
Fiscal Agent Payable	302,240	-	302,240
Accrued Expenses	211,762	-	211,762
Notes Payable	<u>465,393</u>	<u>-</u>	<u>465,393</u>
<b>Total Liabilities</b>	<b>1,335,246</b>	<b>-</b>	<b>1,335,246</b>
<b>NET ASSETS</b>			
Without Donor Restrictions:			
Undesignated	7,397,763	-	7,397,763
Board Designated	<u>6,438,297</u>	<u>-</u>	<u>6,438,297</u>
Subtotal - Without Donor Restrictions	13,836,060	-	13,836,060
With Donor Restrictions	<u>3,828,594</u>	<u>8,333,927</u>	<u>12,162,521</u>
<b>Total Net Assets</b>	<b><u>17,664,654</u></b>	<b><u>8,333,927</u></b>	<b><u>25,998,581</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 18,999,900</u></b>	<b><u>\$ 8,333,927</u></b>	<b><u>\$ 27,333,827</u></b>

**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, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Clubs			Total
	Without Donor Restrictions - Undesignated	Board Designated	With Donor Restrictions	
<b>OPERATING - REVENUE, GAINS, AND OTHER SUPPORT</b>				
Contributions	\$ 2,639,033	\$ 6,000,000	\$ 557,524	\$ 9,196,557
In-Kind Contributions	222,006	-	-	222,006
Special Events, Net of Expenses of \$195,197	257,544	-	-	257,544
Grants and Contracts	2,066,348	-	630,568	2,696,916
Program Fees	75,355	-	-	75,355
Investment Loss	(26,808)	-	-	(26,808)
Change in Value of Split-Interest Agreements	-	-	-	-
Rental Income	23,603	-	-	23,603
Other Income	19,364	-	-	19,364
Net Assets Released from Restrictions - Operating	1,040,811	-	(1,040,811)	-
Total Operating - Revenue, Gains, and Other Support	<u>6,317,256</u>	<u>6,000,000</u>	<u>147,281</u>	<u>12,464,537</u>
<b>EXPENSES</b>				
Program Services	6,290,101	-	-	6,290,101
Support Services:				
Administration	987,894	-	-	987,894
Fundraising	648,318	-	-	648,318
Total Support Services	<u>1,636,212</u>	<u>-</u>	<u>-</u>	<u>1,636,212</u>
Total Expenses	<u>7,926,313</u>	<u>-</u>	<u>-</u>	<u>7,926,313</u>
<b>CHANGE IN NET ASSETS OPERATING</b>	(1,609,057)	6,000,000	147,281	4,538,224
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Change in Value of Community Foundation	-	-	-	-
Capital Grants for Clubs	-	-	-	-
Capital Government Grants for Clubs	-	-	-	-
Investment Loss	-	-	-	-
Loss on Disposal of Assets	-	-	-	-
Net Assets Released from Restrictions - Capital	295,744	-	(295,744)	-
Change in Net Assets Nonoperating	<u>295,744</u>	<u>-</u>	<u>(295,744)</u>	<u>-</u>
<b>NET ASSETS CHANGE PRIOR TO OTHER CHANGES</b>	(1,313,313)	6,000,000	(148,463)	4,538,224
<b>OTHER CHANGES IN NET ASSETS</b>				
Transfers (to) from Clubs/Foundation	443,455	-	-	443,455
Transfer of Designated Funds	(10,706)	10,706	-	-
<b>CHANGE IN NET ASSETS</b>	(880,564)	6,010,706	(148,463)	4,981,679
Net Assets - Beginning of Year	<u>8,278,327</u>	<u>427,591</u>	<u>3,977,057</u>	<u>12,682,975</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,397,763</u>	<u>\$ 6,438,297</u>	<u>\$ 3,828,594</u>	<u>\$ 17,664,654</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, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Foundation			Eliminations	2022 Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total		
<b>OPERATING - REVENUE, GAINS, AND OTHER SUPPORT</b>	\$ 54,143	\$ -	\$ 54,143	\$ -	\$ 9,250,700
Contributions	-	-	-	-	222,006
In-Kind Contributions	-	-	-	-	257,544
Special Events, Net of Expenses of \$195,197	-	-	-	-	2,696,916
Grants and Contracts	-	-	-	-	75,355
Program Fees	-	(27,500)	(27,500)	-	(27,500)
Investment Loss	-	-	-	-	23,603
Change in Value of Split-Interest Agreements	-	-	-	-	19,364
Rental Income	-	-	-	-	-
Other Income	389,296	(389,296)	-	-	-
Net Assets Released from Restrictions - Operating	443,439	(416,796)	26,643	-	12,491,180
Total Operating - Revenue, Gains, and Other Support	-	-	-	-	6,290,101
<b>EXPENSES</b>	-	-	-	-	-
Program Services	-	7,579	7,579	-	995,473
Support Services:	-	-	-	-	648,318
Administration	-	7,579	7,579	-	1,643,791
Fundraising	-	-	-	-	-
Total Support Services	-	7,579	7,579	-	7,933,892
Total Expenses	443,439	(424,375)	19,064	-	4,557,288
<b>CHANGE IN NET ASSETS OPERATING</b>	-	(18,442)	(18,442)	-	(18,442)
<b>NONOPERATING REVENUE (EXPENSE)</b>	-	-	-	-	-
Change in Value of Community Foundation	-	-	-	-	-
Capital Grants for Clubs	-	(1,086,429)	(1,086,429)	-	(1,086,429)
Capital Government Grants for Clubs	-	-	-	-	-
Investment Loss	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-
Net Assets Released from Restrictions - Capital	-	(1,104,871)	(1,104,871)	-	(1,104,871)
Change in Net Assets Nonoperating	443,439	(1,529,246)	(1,085,807)	-	3,452,417
<b>NET ASSETS CHANGE PRIOR TO OTHER CHANGES</b>	(443,455)	-	(443,455)	-	-
<b>OTHER CHANGES IN NET ASSETS</b>	-	-	-	-	-
Transfers (to) from Clubs/Foundation	-	-	-	-	-
Transfer of Designated Funds	(16)	(1,529,246)	(1,529,262)	-	3,452,417
<b>CHANGE IN NET ASSETS</b>	16	9,863,173	9,863,189	-	22,546,164
Net Assets - Beginning of Year	\$ -	\$ 8,333,927	\$ 8,333,927	\$ -	\$ 25,998,581