



**BOYS & GIRLS CLUB
OF ELIZABETHTON/CARTER COUNTY**

Financial Statements
For the Year Ended December 31, 2019

Financial Statement Audited By:


Gray Station CPAs PC
★ ★ ★
CERTIFIED PUBLIC ACCOUNTANT

140 Old Gray Station Road Suite 100 Gray TN 37615

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
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August 10, 2020

Independent Auditor's Report

To the Board of Directors
Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Club of Elizabethton/Carter County, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Elizabethton/Carter County, Inc., as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Gray Station CPAs PC
Gray, Tennessee

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Statement of Financial Position
December 31, 2019

Exhibit A

<u>Assets</u>		
<u>Current Assets</u>		
Cash		\$ 135,295
Accounts Receivable		4,744
Insurance Receivable		2,927
Prepaid Expenses		<u>9,275</u>
Total Current Assets		\$ 152,241
 <u>Fixed Assets</u>		
Leasehold Improvements	\$ 139,441	
Equipment	42,984	
Vehicles	35,780	
Furniture and Fixtures	<u>36,371</u>	
Total Fixed Assets	\$ 254,576	
Less: Accumulated Depreciation	<u>131,611</u>	
Net Fixed Assets		122,965
 <u>Other Assets</u>		
Certificates of Deposit	<u>\$ 39,551</u>	
Total Other Assets		<u>39,551</u>
 <u>Total Assets</u>		 <u>\$ 314,757</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable		\$ 3,479
Wages Payable		14,516
Deferred Revenue		485
Accrued Pension Payable		<u>5,438</u>
Total Current Liabilities		<u>\$ 23,918</u>
 <u>Total Liabilities</u>		 \$ 23,918
 <u>Net Assets</u>		
Without Donor Restrictions: Undesignated	\$ 251,288	
Without Donor Restrictions: Board Designated	<u>39,551</u>	
Total Net Assets		<u>290,839</u>
 <u>Total Liabilities and Net Assets</u>		 <u>\$ 314,757</u>

See notes to financial statements

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Statement of Activities
For the Year Ended December 31, 2019

Exhibit B

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Public Support and Revenue</u>			
<u>Public Support</u>			
Contributions-Public	\$ 119,546	\$ 0	\$ 119,546
United Way	12,100	0	12,100
Government Appropriations	46,000	0	46,000
Grants	228,921	0	228,921
Membership	8,602	0	8,602
In-Kind Contributions	<u>220,833</u>	<u>0</u>	<u>220,833</u>
Total Public Support	<u>\$ 636,002</u>	<u>\$ 0</u>	<u>\$ 636,002</u>
<u>Revenue</u>			
Program Fees and Income	\$ 129,381	\$ 0	\$ 129,381
Fundraising & Special Events (Net of \$33,324 Cost)	92,316	0	92,316
Interest Income	599	0	599
Other Income	<u>3,140</u>	<u>0</u>	<u>3,140</u>
Total Revenue	<u>\$ 225,436</u>	<u>\$ 0</u>	<u>\$ 225,436</u>
<u>Net Assets Released from Restrictions</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Total Public Support and Revenue</u>	<u>\$ 861,438</u>	<u>\$ 0</u>	<u>\$ 861,438</u>
<u>Expenses</u>			
Program Expenses	\$ 751,800	\$ 0	\$ 751,800
Management and General	123,226	0	123,226
Fundraising	<u>8,891</u>	<u>0</u>	<u>8,891</u>
<u>Total Expenses</u>	<u>\$ 883,917</u>	<u>\$ 0</u>	<u>\$ 883,917</u>
<u>Change in Net Assets</u>	<u>\$ (22,479)</u>	<u>\$ 0</u>	<u>\$ (22,479)</u>
<u>Net Assets - Beginning of Year</u>	<u>313,318</u>	<u>0</u>	<u>313,318</u>
<u>Net Assets - End of Year</u>	<u>\$ 290,839</u>	<u>\$ 0</u>	<u>\$ 290,839</u>

See notes to financial statements

Boys & Girls Club of Elizabethton/Carter County
Elizabethton, Tennessee
Statement of Functional Expenses
For the Year Ended December 31, 2019

Exhibit C

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Employee Compensation</u>				
Salaries & Wages	\$ 307,681	\$ 45,227	\$ 2,773	\$ 355,681
Employee Benefits	33,889	4,984	306	39,179
Payroll Taxes	23,712	3,487	214	27,413
Total Employee Compensation	<u>\$ 365,282</u>	<u>\$ 53,698</u>	<u>\$ 3,293</u>	<u>\$ 422,273</u>
<u>Other Expenses</u>				
Program Expenses	\$ 109,532	\$ 0	\$ 0	\$ 109,532
Communications	2,032	299	18	2,349
Occupancy	211,938	31,166	1,911	245,015
Professional Fees	0	21,431	0	21,431
Advertising & Promotion	0	0	3,363	3,363
Office Expense	8,067	1,186	73	9,326
Conferences, Conventions	0	10,643	0	10,643
Insurance	13,339	1,962	120	15,421
Dues & Memberships	9,438	996	0	10,434
Vehicle Expense	15,524	0	0	15,524
Total Other Expenses	<u>\$ 369,870</u>	<u>\$ 67,683</u>	<u>\$ 5,485</u>	<u>\$ 443,038</u>
<u>Total Expenses before Depreciation</u>	<u>\$ 735,152</u>	<u>\$ 121,381</u>	<u>\$ 8,778</u>	<u>\$ 865,311</u>
Depreciation	16,648	1,845	113	18,606
<u>Total Expenses by Function</u>	<u>\$ 751,800</u>	<u>\$ 123,226</u>	<u>\$ 8,891</u>	<u>\$ 883,917</u>

See notes to financial statements

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Statement of Cash Flows
For the Year Ended December 31, 2019

Exhibit D

Cash Flow from Operating Activities

Change in Net Assets \$ (22,479)

Adjustments to Reconcile Change in Net Assets
to Net Cash Provided by Operations

Depreciation \$ 18,606

Changes in Certain Assets and Liabilities:

Accounts Receivables	11,796
Insurance Receivable	(2,927)
Prepaid Expenses	(3,923)
Accounts Payable	(11,799)
Wages Payable	2,084
Deferred Income	<u>(3,046)</u>

Net Cash Provided by Operating Activities 10,791

Cash Flow from Investment Activities

Certificates of Deposit - Interest Income \$ (599)

Purchase of Fixed Assets (16,677)

Net Cash Used by Investment Activities (17,276)

Net Decrease in Cash

\$ (28,964)

Cash - Beginning of Year

164,259

Cash - End of Year

\$ 135,295

Other Required Disclosures

Taxes Paid: None

Interest Paid: None

See notes to financial statements

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Notes to the Financial Statements
December 31, 2019

Note 1 Significant Accounting Policies

Nature of Operations

Boys & Girls Club of Elizabethton/Carter County, Inc. (Boys and Girls Club) is a non-profit corporation located in Elizabethton, Tennessee. It is a joint venture of various civic, governmental, business, industrial and private organizations and individuals working together to promote the physical, mental, emotional and moral well being of boys and girls aged six to eighteen years of age by providing guidance, leadership, education, recreation, character development and a safe haven so youth may become responsible citizens and leaders.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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 the certificates of deposit.

Net Assets With Donor Restrictions - Net assets subject to donor or 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.

Contributions

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. All other contributions are recorded as received.

(Continued)

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Notes to the Financial Statements (Continued)
December 31, 2019

Note 1 Significant Accounting Policies (Continued)

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of services that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Cash

For the purposes of the Statement of Cash Flows, cash consists of cash in bank and cash on hand.

Income Taxes

The Boys & Girls Club is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for taxes has been made in the financial statements.

Accounting for Uncertainty in Income Taxes

As of December 31, 2019, The Boys & Girls Club has no tax positions, as defined in the provisions of FASB Codification 740-10, *Accounting for Uncertainty in Income Taxes* and has not incurred related interest or penalties. If incurred, The Boys & Girls Club's policy is to deduct interest and penalties that relate to tax positions as management and general expenses. In general, federal tax returns are subject to examination for three years and five years for most state and local returns.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair market value if donated. It is depreciated or amortized at the time of acquisition using the straight-line and accelerated methods over the estimated useful life of the asset.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Notes to the Financial Statements (Continued)
December 31, 2019

Note 1 Significant Accounting Policies (Continued)

Advertising Cost

Advertising costs are expensed as incurred.

Functional Allocation of Expense

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on specific identification and estimates.

Note 2 Liquidity & Availability

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 135,295
Accounts Receivable	4,744
Insurance Receivable	2,927
Other Assets	<u>39,551</u>
	\$ 182,517

Less amounts not available to be used within one year:

Net assets with donor restrictions	\$ 0
Net assets with board designated restrictions	<u>39,551</u>
	<u>\$ 39,551</u>

Financial assets available to meet general expenditures:

Over the next twelve months	<u>\$ 142,966</u>
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Note 3 Concentration

Donors to The Boys & Girls Club are concentrated in the Tri-Cities, Tennessee area and the amount of donations received could be affected by economic conditions in the area. Public support comprises approximately seventy-four percent of total public support and revenues.

(Continued)

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Notes to the Financial Statements (Continued)
December 31, 2019

Note 4 In-Kind Contributions

The following in-kind contributions were received during the current fiscal year:

Building Occupancy Rent	\$ 195,000
Building Utilities	<u>25,833</u>
Total In-Kind Contributions	<u>\$ 220,833</u>

The Boys & Girls Club donated the land and building to the City of Elizabethton in 2003. The City has allowed The Boys & Girls Club to use the property the city owns rent free. The Club is responsible for all maintenance items under \$500. The City provides for all utilities of the facility.

The Boys & Girls Club receives donated services from unpaid volunteers who assist with program activities and fundraising. When the criteria for recognition under ASC 958-605-15 has been satisfied, the in-kind contributions are recorded at fair value.

Note 5 Retirement Plan

Eligible employees who render 1,000 hours or more of service within a twelve-month period from his/her date of hire, are at least twenty and one-half years of age and have completed at least one year of continuous service are eligible to participate in the Club's retirement and pension plan. Under the 401(k) plan, the Club contributes 3% of the eligible employees' compensation to the plan and an additional 2% if the employee contributes 2%. The Club expense for the year was \$4,253 with \$5,438 payable at year end for prior years.

Note 6 Related Party Transactions

The Boys & Girls Club paid a total of \$10,434 in annual dues to The Boys & Girls Club of America and the Tennessee Alliance of Boys & Girls Clubs. In addition to receiving administrative and training support from these organizations, the Club is a sub-recipient of grant proceeds acquired by those organizations.

Note 7 Functional Allocation of Expenses

The purpose of the allocation of expenses to functions is to reflect the program and supporting service costs to the function benefited. Expenses related solely to a single function have been allocated entirely to that function. Other expenses have been allocated based on various estimated allocation formulas. The primary allocation formula is based on allocations of payroll to the various functions.

(Continued)

Boys & Girls Club of Elizabethton/Carter County, Inc.
Elizabethton, Tennessee
Notes to the Financial Statements (Continued)
December 31, 2019

Note 8 Membership and Deferred Income

Two types of membership fees were collected during the year. Summer program membership fees are collected and expensed in the same year. School year membership fees are collected based on the County school year and resulted in deferred receipts of \$485. Membership fees earned were \$8,602.

Note 9 Subsequent Events

Subsequent events for The Boys & Girls Club were evaluated by management up to August 10, 2020, which is the financial statement issuance date. Management has determined there were no subsequent events requiring adjustments to the financial statements.

The recent outbreak of the COVID-19 virus has resulted in an overall uncertainty of the economy. Depending on how long this condition continues, the Organization could see a decrease in their donations and grants. The overall impact of this economic uncertainty cannot be estimated at this time.

Note 10 Other Required Disclosures

Depreciation expense for the current year was \$18,606.

Advertising expense for the current year was \$3,363.

There was no interest expense incurred for the current year.