
**BOYS & GIRLS CLUBS OF
THURSTON COUNTY**
A Washington Not-For-Profit Organization

Financial Statements

For the Fiscal Year Ended August 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
 FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Cash Flows	5
Statement of Functional Expenses.....	6
Notes to the Financial Statements.....	7
 ADDITIONAL REPORTS & SCHEDULES:	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	17
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	18
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	19
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	20
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of Thurston County
2102 Carriage Drive SW, Suite A
Olympia, WA 98502

Report on the Financial Statements

We have audited the accompanying financial statements Boys & Girls Clubs of Thurston County (the BGCTC), which comprise the statement of financial position as of August 31, 2021, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 BGCTC as of August 31, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended August 31, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information on page 19 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

February 11, 2022

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Statement of Financial Position

August 31, 2021 <i>(With Comparative Totals for 2020)</i>	2021	2020
ASSETS		
<u>Current Assets</u>		
Cash	\$ 992,570	\$ 697,957
Restricted Cash - Scholarship	1,000	2,000
Restricted Cash - Capital	1,973	2,925
Restricted Cash - Mental Health	19,100	-
Accounts Receivable	100,697	54,139
Prepaid Expenses	5,622	7,576
Total Current Assets	1,120,962	764,597
<u>Property and Equipment</u>		
Land and Land Improvements	530,954	530,954
Leasehold Improvements, net	1,275,231	1,354,801
Furniture and Equipment, net	104,073	39,571
Total Property and Equipment	1,910,258	1,925,326
<u>Other Assets</u>		
Endowment	966,457	818,768
Investments	163,000	119,344
Total Other Assets	1,129,457	938,112
Total Assets	\$4,160,677	\$3,628,035
LIABILITIES & NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 21,585	\$ 48,608
Accrued Expenses	21,478	29,489
Accrued Vacation	35,934	30,501
Debt	-	50,414
Total Current Liabilities	78,997	159,012
<u>Net Assets</u>		
Without Donor Restrictions	838,244	488,070
Without Donor Restrictions - Property & Equipment	1,910,258	1,925,326
Without Donor Restrictions - Board Designated	276,765	201,904
Without Donor Restrictions - Board Designated Endowment	355,219	355,219
	3,380,486	2,970,519
With Donor Restrictions Net Assets	701,194	498,504
Total Net Assets	4,081,680	3,469,023
Total Liabilities & Net Assets	\$4,160,677	\$3,628,035

The accompanying notes are an integral part of these financial statements.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Statement of Activities and Changes in Net Assets

Fiscal Year Ended August 31, 2021 <i>(With Comparative Totals for 2020)</i>	2021		2020	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<u>Support and Revenue</u>				
Grants	\$ 454,661	\$ -	\$ 454,661	\$ 612,553
Contributions	2,030,938	19,100	2,050,038	975,661
Membership Revenue	12,405	-	12,405	28,740
Program Revenue	401,995	-	401,995	361,628
Fundraising Revenue	638,645	-	638,645	863,631
Other Income	17,423	-	17,423	13,075
Inkind Revenue	76,686	-	76,686	105,323
Interest Income	5,365	-	5,365	4,740
Satisfaction of Program Restrictions	1,952	(1,952)	-	-
Total Support and Revenue	3,640,070	17,148	3,657,218	2,965,351
<u>Expenses</u>				
Program Services	2,319,345	-	2,319,345	1,951,489
Management and General	531,512	-	531,512	534,069
Fundraising	430,413	-	430,413	463,044
Unallocated Payments to National Organization	9,986	-	9,986	10,333
Total Expenses	3,291,256	-	3,291,256	2,958,934
Increase (Decrease) in Net Assets Before Other Revenues & Expenses	348,814	17,148	365,962	6,417
<u>Other Revenues & Expenses</u>				
Forgiveness of Debt	50,414	-	50,414	339,144
Investment Income	10,739	185,542	196,281	167,616
Total Other Revenues & Expenses	61,153	185,542	246,695	506,760
Increase (Decrease) in Net Assets	409,967	202,690	612,657	513,177
Net Assets, Beginning of Year	2,970,519	498,504	3,469,023	2,955,846
Net Assets, End of Year	\$ 3,380,486	\$ 701,194	\$ 4,081,680	\$ 3,469,023

The accompanying notes are an integral part of these financial statements.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Statement of Cash Flows

<u>Fiscal Year Ended August 31, 2021 (With Comparative Totals for 2020)</u>	2021	2020
<u>Cash Flows From Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ 612,657	\$ 513,177
Adjustments to reconcile increase in net assets to net cash flows provided (used) by operating activities:		
Depreciation	195,798	170,720
Forgiveness of Debt	(50,414)	(339,144)
Unrealized (Gain) Loss on Investments	(114,510)	(120,912)
(Increase) Decrease In:		
Accounts Receivable	(46,558)	2,584
Prepaid	1,954	(7,576)
Increase (Decrease) In:		
Accounts Payable	(27,023)	(115,830)
Accrued Expenses	(8,011)	333
Accrued Vacation	5,433	3,082
Net Cash Provided (Used) by Operating Activities	<u>569,326</u>	<u>106,434</u>
<u>Cash Flows From Investing Activities</u>		
Net Activity in Investments	(76,835)	(52,378)
Purchase of Leasehold Imp., Property & Equipment	(180,730)	(157,206)
Net Cash Provided (Used) by Investing Activities	<u>(257,565)</u>	<u>(209,584)</u>
<u>Cash Flows From Financing Activities</u>		
Proceeds from Debt	-	389,558
Net Increase (Decrease) in Cash & Cash Equivalents	311,761	286,408
Cash & Cash Equivalents at Beginning of Year	702,882	416,474
Cash & Cash Equivalents at End of Year	<u>\$ 1,014,643</u>	<u>\$ 702,882</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for Interest	<u>\$ 7,970</u>	<u>\$ 6,539</u>

The accompanying notes are an integral part of these financial statements.

**Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization**

Statement of Functional Expenses

Fiscal Year Ended August 31, 2021 (With Comparative Totals for 2020)				2021	2020
	Program Services	Management & General	Fundraising	Total	Total
Salaries	\$ 1,386,987	\$ 271,450	\$ 318,993	\$ 1,977,430	\$ 1,623,503
Payroll Taxes	148,756	23,193	27,227	199,176	151,538
Employee Benefits	179,233	43,149	50,653	273,035	225,743
Training & Education Expense	2,093	14,267	-	16,360	11,288
Repair and Maintenance	83,137	4,190	-	87,327	75,278
Insurance	24,753	1,375	1,375	27,503	28,840
Postage	747	746	746	2,239	2,581
Printing/Advertising	15,830	2,781	2,781	21,392	17,644
Professional Fees	16,559	64,228	-	80,787	88,027
Occupancy Expense	68,704	2,193	2,192	73,089	76,603
Supplies	93,743	49,466	17,733	160,942	234,519
Youth Transportation	4,119	-	-	4,119	26,473
Athletic Program	39	-	-	39	33
Dues & Subscriptions	5,652	14,533	-	20,185	19,405
Vehicle Expenses	7,767	1,197	-	8,964	9,884
Meals	6,441	5,796	-	12,237	13,554
Inkind Expense	65,235	8,951	2,500	76,686	105,323
Admission & Entrance Expense	3,259	-	-	3,259	3,246
Rent Expense	16,367	12,111	4,255	32,733	31,934
Interest	-	7,970	-	7,970	6,539
Miscellaneous Expenses	-	-	-	-	25,926
Depreciation	189,924	3,916	1,958	195,798	170,720
Total Expenses	\$ 2,319,345	\$ 531,512	\$ 430,413	\$ 3,281,270	\$ 2,948,601

The accompanying notes are an integral part of these financial statements.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission and Programs

The mission of the Boys and Girls Clubs of Thurston County (the BGCTC) is to inspire and enable youth to realize their greatness.

The BGCTC serves kids from ages 5 to 18 at four locations (Tumwater, Rochester, Lacey and Olympia) after school and during school break periods. In 2021, the BGCTC had 641 school age kids in memberships. Programs are offered to support kids in the areas of character and leadership development, education and career development, health and life skills, the arts and sports, and fitness and recreation.

Financial Statements

The BGCTC maintains its financial records on the accrual basis of accounting. Revenues on all grants are recognized (accrued) when qualifying expenditures under the grant are made. Grant funds are accounted for as without donor restrictions or with donor restrictions, as provided in the particular terms of the respective grant contracts. When restrictions on grant funds are met in the same year the funds are awarded, it is the policy of the BGCTC to record the grant funds as without donor restrictions in the statement of activities and changes in net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. 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 may vary from the estimates that were used.

Statement of Cash Flows

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions.

Furniture and Equipment

Furniture and equipment purchased by the BGCTC is recorded at cost. Furniture and equipment donated to the BGCTC is capitalized at its estimated fair value. The BGCTC's policy is to expense the acquisition cost of equipment in the year it is purchased if its cost is less than \$500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of furniture and equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts and any gains or loss is included in income.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Support

The BGCTC receives a substantial amount of its support from contributions. If a significant reduction in the level of this support occurred, it could have a significant effect on the BGCTC future programs and activities.

Comparative Totals

The financial information includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended August 31, 2020, from which the summarized information was derived.

Liquidity and Availability

The BGCTC has \$1,093,267 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$992,570 and accounts receivable of \$100,697 as of August 31, 2021. The BGCTC has \$752,096 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$697,957 and accounts receivable of \$54,139 as of August 31, 2020. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The BGCTC has ongoing grants and contracts that will reimburse the BGCTC allowable expenditures for that grant or contract. The BGCTC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The BGCTC has restricted cash in the amount of \$22,073 and \$4,925 as of August 31, 2021 and 2020 respectively. See note 5.

The BGCTC also has investments and an endowment fund of \$1,129,457 and \$938,112 as of August 31, 2021 and 2020, respectively. See note 4.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T.)

Contributions

The BGCTC reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets. However, restricted gifts for which the donor restriction is met in the same period the gift is received are recorded as without donor restriction revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

The BGCTC reports gifts of long-lived assets, as well as gifts of other assets restricted to the acquisition or construction of long-lived assets as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. With donor restrictions long-lived assets are considered to be released from restrictions as the asset is depreciated over its useful life. Absent explicit donor instructions about how long-lived assets must be maintained, the BGCTC reports the expiration of donor restriction when the donated or acquired asset is placed in service.

Bad Debts

The BGCTC does not provide an allowance for doubtful accounts, as required by generally accepted accounting principles, because historically bad debts have not been material. BGCTC uses the direct write-off method. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. For the fiscal years ended August 31, 2021 and 2020, there were bad debts of \$0, respectively.

Advertising

Advertising costs are expensed as they are incurred.

Allocation of Indirect Costs

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the BGCTC. Payroll and related costs are allocated based on time spent on each function.

Employee Benefits

The BGCTC provides its employees with paid annual and sick leave in accordance with its current policies. Sick leave benefits are cumulative only to the extent of use for illness. Accrued and unused annual leave is payable to the employee in cash upon termination.

The BGCTC has a 403(b) defined contribution money purchase plan for all eligible employees. The BGCTC provides for employer contributions of 6% of gross wages to all eligible employees. Pension expense for the fiscal years ended August 31, 2021 and 2020, was \$58,779 and \$63,897, respectively.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 2 – FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental and state agencies. Investments are made by diversified investment managers whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

The BGCTC receives a substantial amount of support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may affect the BGCTC's ability to continue its operation.

The BGCTC, at times, has cash deposits that exceed the insured limit by the U.S. Federal Deposit Insurance Corporation. As of August 31, 2021 and 2020, the uninsured cash balance totaled \$510,186 and \$29,216, respectively. There are no grant funds at risk and there was no loss for the year.

NOTE 3 – PROPERTY AND EQUIPMENT

At August 31, 2021, property and equipment includes the following:

Furniture & Equipment	3 - 5 yrs	\$ 302,378
Accumulated Depreciation		<u>(198,305)</u>
Total		<u>\$ 104,073</u>
Land & Land Improvements		\$ 530,954
Leasehold Improvements	10 - 20 yrs	2,969,617
Accumulated Depreciation		<u>(1,694,386)</u>
Total		<u>\$ 1,806,185</u>

Net property and equipment at August 31, 2020, was \$1,925,326.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments include the stocks in the Navigate Financial account and the Endowment Fund, managed by Charles Schwab. The endowment fund is made up of Board Designated Funds and With Donor Restrictions Funds.

The earnings of the Endowment Fund will be used exclusively for the:

- Capital needs
- Program support
- Seed money for new projects and programs
- Special one-time projects, and
- Such other purposes as are specifically designated by donors

The distribution from the endowment will be no more than 5% of a three-year moving average of the Endowment Fund assets, determined as of August 31st each year. No distribution has been taken yet. The asset allocations are designed to provide an optimal asset mix for the portfolio, emphasizing diversification in order to lower risk and maximize "total return" relative to risk. The following table illustrates the diversification plan for the BGCTC.

U.S. Equities - Large Cap	30% - 50%
U.S. Equities - Small/Mid Cap	0% - 20%
International Developed Countries	0% - 20%
U.S. Core Bonds	20% - 60%
Cash Equivalent	5% - 25%

Change in endowment funds for the fiscal year ended August 31, 2021, are as follows:

	Board Designated	With Donor Restrictions	Total
Beginning Balance	\$ 355,219	\$ 463,549	\$ 818,768
Bequests/Contributions	-	-	-
Investment Income (Loss)	-	147,689	147,689
Distributions	-	-	-
Ending Balance	\$ <u>355,219</u>	\$ <u>611,238</u>	\$ <u>966,457</u>

Change in endowment funds for the fiscal year ended August 31, 2020, was \$136,058.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

As of August 31, 2021, the investments had the following cost basis:

Bonds	\$	182,709
Money Market Funds		17,009
Corporate Stocks		399,887
U.S. Treasury Securities		<u>153,524</u>
Total	\$	<u><u>753,129</u></u>

Cost basis as of August 31, 2020, was \$684,119.

Investment income (loss) for the fiscal year ended August 31, 2021, is as follows:

Unrealized Gain (Losses)	\$	114,510
Realized Gain (Losses)		71,032
Dividends		<u>10,739</u>
Total	\$	<u><u>196,281</u></u>

Investment income (loss) for the fiscal year ended August 31, 2020, was \$167,616.

Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the BGCTC has the ability to access.

Level 2: Inputs to valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.
- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

**Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization**

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2021.

Bonds and U.S. Treasury: Valued at the net asset value (NAV) of shares held by the BGCTC at year end.

Money Market Funds: The investments are reported at fair value based on quoted prices in active markets for identical assets.

Corporate Stocks: Valued at stock price per shares held by the BGCTC at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the BGCTC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the BGCTC's assets at fair value as of August 31, 2021 with comparative totals for 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2021 Total</u>	<u>2020 Total</u>
Bonds	\$ 236,461	\$ -	\$ -	236,461	171,852
Money Market Funds	17,009	-	-	17,009	54,151
Corporate Stocks	720,119	-	-	720,119	589,833
U.S. Treasuries	<u>155,868</u>	<u>-</u>	<u>-</u>	<u>155,868</u>	<u>122,276</u>
Total Assets at Fair Value:	\$ <u>1,129,457</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,129,457</u>	\$ <u>938,112</u>

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 5 – RESTRICTED CASH & NET ASSETS WITH DONOR RESTRICTIONS

Capital restricted cash are donor restricted donations to be used for purchase of capital items for the clubs that have not been spent as of year end. As of August 31, 2021 and 2020, restricted cash for capital was \$1,973 and \$2,925 on the statement of financial position, respectively.

Scholarship restricted cash are donor restricted donations to be used for scholarships that have not been spent as of year end. As of August 31, 2021 and 2020, restricted cash for scholarships was \$1,000 and \$2,000, respectively.

Mental health restricted cash are donor restricted donations to be used for the mental health program that have not been spent as of year end. As of August 31, 2021 and 2020, restricted cash for mental health was \$19,100 and \$0, respectively.

As of August 31, 2021 and 2020, board designated was \$276,765 and \$201,904, respectively. These funds are board designated, to be used to fill a club position to support social, emotional, and mental health.

As of August 31, 2021 and 2020, with donor restriction endowment was \$611,238 and \$463,549, respectively. See Note 4.

As of August 31, 2021 and 2020, total net assets with donor restrictions were \$701,194 and \$498,504, respectively.

NOTE 6 – DONATED SERVICES & MATERIALS

During the fiscal years ended August 31, 2021 and 2020, BGCTC received donated materials and services. The value of donated materials and services is reflected in the financial statements as in-kind revenue and in-kind expense, and for the fiscal years ended August 31, 2021 and 2020, was \$1,935 and \$2,277, respectively. The value of donated advertising for the fiscal years ended August 31, 2021 and 2020, was \$2,500 and \$11,900, respectively.

NOTE 7 – LEASES

The BGCTC leases facilities and equipment. Lease expense for the facilities and the equipment for the fiscal years ended August 31, 2021 and 2020, was \$45,601 and \$44,905, respectively. Facility lease expense of \$32,733 and \$31,934, respectively, for the fiscal years ended August 31, 2021 and 2020 is shown as rent expense on the statement of functional expenses. Equipment lease expense of \$12,868 and \$12,971, respectively, for 2021 and 2020 is included in occupancy expense on the statement of functional expenses.

The BGCTC is now renting facilities on a month to month basis while awaiting a new lease agreement.

Facilities, which are used for program services, administration, and fundraising, were rented below fair market value. The value of donated facilities is reflected in the financial statements as in-kind revenue and in-kind expense, and for the fiscal years ended August 31, 2021 and 2020, was \$72,251 and \$91,146, respectively.

**Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization**

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 8 – CONTINGENCIES

Amounts received or receivable from government agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the BGCTC if so determined in the future. It is management's belief that no material amounts received or receivable, unless already provided for, will be required to be returned in the future.

NOTE 9 – INCOME TAXES

The BGCTC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

The BGCTC files income tax returns in the U.S. federal jurisdiction. The BGCTC is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2017. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of August 31, 2021, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

The BGCTC recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended August 31, 2021, the BGCTC recognized \$0 in interest and penalties. The BGCTC recognized \$0 for the payment of interest and penalties accrued at August 31, 2021.

NOTE 10 – DEBT & COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact income. Also because of government mandates, which is expected to be temporary, could have a negative impact on operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

On May 1, 2020, BGCTC received loan proceeds in the amount of \$389,558 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (Cares Act), provides for loans to qualifying businesses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries as described in the Cares Act.

BGCTC recognized \$339,144 of the loan proceeds as forgiveness of debt on the statement of activities as the requirements had been substantially met during the fiscal year end August 31, 2020. The requirements were all met and the loan was forgiven in November 2020. The remaining \$50,414 was recorded as forgiveness of debt on the statement of activities for the fiscal year end August 31, 2021.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. BGCTC intends to use the proceeds for purposes consistent with the PPP and believes the entire amount of the loan will be forgiven during the next year.

Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization

Notes to the Financial Statements

Fiscal Year Ended August 31, 2021

NOTE 11 – INVESTMENTS WITH FOUNDATION

During the fiscal year ended August 31, 2021, the Community Foundation of SPS (CFSPS) received a large gift in the amount of \$5,000,000 to be managed and held by (CFSPS). These funds are designed for use by BGCTC and set up with the following structure:

Grant

\$2,500,000 are unrestricted funds, which can be used at any time for Club purposes. Management need only request the funds to have them transferred from CFSPS. During the fiscal year ended August 31, 2021, BGCTC had requested a total of \$500,000. As of August 31, 2021, the grant had \$2,430,633 in available funds.

Endowment

\$1,500,000 is for Club graduates for scholarships to attend further educational and/or vocational training. Distribution from the endowment is restricted to 4% of the outstanding balance in the endowment. As of August 31, 2021, the endowment had \$1,823,281 in available funds.

\$1,000,000 is for Club member scholarships to enable participation in the Club. Distribution from the endowment is restricted to 4% of the outstanding balance in the endowment. As of August 31, 2021, the endowment had \$1,215,525 in available funds.

NOTE 12 - SUBSEQUENT EVENTS

The BGCTC did not have any subsequent events through February 11, 2022, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended August 31, 2021.

Boys & Girls Club of Thurston County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2021						
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	From Pass-Through Awards	Expenditures From Direct Awards	Total	Subrecipients
<u>Department of the Treasurer</u>						
Passed Through Thurston Economic Development Council	21.019		\$ 168,000	\$ -	\$ 168,000	-
Childcare Stabilization	21.019		57,000	-	57,000	-
Passed Through United Way of Thurston County						
Coronavirus Relief Fund	21.019				340,000	-
Total Department of the Treasurer					565,000	-
<u>Department of the Transportation</u>						
Passed Through Boys & Girls Clubs of WA State Association	20.019				317,334	-
Covid Emergency Childcare Operating Deficit						
Total Department of Transportation					317,334	-
<u>Department of Justice</u>						
Passed Through Boys & Girls Clubs of America	16.726					
Mentoring at Boys & Girls Clubs	16.726	2019-46725	18,485	-	18,485	-
Mentoring Youth At-Risk		2020-49180	11,776	-	11,776	-
Total Department of Justice			30,261	-	30,261	-
<u>Department of Housing and Urban Development</u>						
Passed Through Thurston County	14.218	2021-CDBG-PS-BGC-SCHOL			45,573	-
Homeless Youth Assistance						
Total Department of Housing and Urban Development					45,573	-
Total Federal Award:			\$ 958,168	\$ -	\$ 958,168	\$ -

The accompanying notes are an integral part of these financial statements.

**Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended August 31, 2021

NOTE 1: BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as BGCTC's financial statements. The BGCTC uses the accrual basis of accounting.

NOTE 2: DE-MINIMIS COST RATE

BGCTC did not use the 10% de-minimis cost rate.

**Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Fiscal Year Ended August 31, 2021

No prior year findings.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors
Boys & Girls Clubs of Thurston County
Olympia, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Boys and Girls Clubs of Thurston County (the BGCTC), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BGCTC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BGCTC's internal control. Accordingly, we do not express an opinion on the effectiveness of BGCTC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BGCTC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

February 11, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
Boys & Girls Clubs of Thurston County
Olympia, WA

Report on Compliance for Each Major Federal Program

We have audited the Boys and Girls Clubs of Thurston County (the BGCTC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BGCTC's major federal programs for the year ended August 31, 2021. BGCTC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of BGCTC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BGCTC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of BGCTC's compliance.

Opinion on Each Major Federal Program

In our opinion, BGCTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Report on Internal Control over Compliance

Management of BGCTC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered BGCTC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BGCTC's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

February 11, 2022

**Boys & Girls Clubs of Thurston County
A Washington Not-For-Profit Organization**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended August 31, 2021

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified: No

Significant Deficiencies identified not considered to be material weaknesses: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

Material weaknesses identified: No

Significant Deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a): No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Section II – Financial Statement Findings:

No matters were reported.

Section III – Federal Award Findings and Questioned Costs:

No matters were reported.