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

**Financial Statements**

For the Fiscal Year Ended August 31, 2022

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## 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 Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Boys & Girls Clubs of Thurston County (the BGCTC), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The BGCTC as of August 31, 2022, 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.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The BGCTC 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BGCTC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 BGCTC's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BGCTC'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.

## Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

March 24, 2023

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

Statement of Financial Position

August 31, 2022 <i>(With Comparative Totals for 2021)</i>	2022	2021
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 669,655	\$ 992,570
Restricted Cash - Scholarship	21,000	1,000
Restricted Cash - Capital	1,973	1,973
Restricted Cash - Mental Health	10,000	19,100
Accounts Receivable	255,911	100,697
Prepaid Expenses	31,404	5,622
<b>Total Current Assets</b>	<b>989,943</b>	<b>1,120,962</b>
<u>Property and Equipment</u>		
Land and Land Improvements	530,954	530,954
Leasehold Improvements, net	1,109,817	1,275,231
Furniture and Equipment, net	76,329	104,073
<b>Total Property and Equipment</b>	<b>1,717,100</b>	<b>1,910,258</b>
<u>Other Assets</u>		
Endowment	817,239	966,457
Investments	150,688	163,000
<b>Total Other Assets</b>	<b>967,927</b>	<b>1,129,457</b>
<b>Total Assets</b>	<b>\$3,674,970</b>	<b>\$4,160,677</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 23,983	\$ 21,585
Accrued Expenses	20,432	21,478
Accrued Vacation	40,984	35,934
Deferred Revenue	14,515	-
<b>Total Current Liabilities</b>	<b>99,914</b>	<b>78,997</b>
<u>Net Assets</u>		
Without Donor Restrictions	642,097	838,244
Without Donor Restrictions - Property & Equipment	1,717,100	1,910,258
Without Donor Restrictions - Board Designated	316,552	276,765
Without Donor Restrictions - Board Designated Endowment	355,219	355,219
	3,030,968	3,380,486
With Donor Restrictions Net Assets	544,088	701,194
<b>Total Net Assets</b>	<b>3,575,056</b>	<b>4,081,680</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$3,674,970</b>	<b>\$4,160,677</b>

*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, 2022 <i>(With Comparative Totals for 2021)</i>			2022	2021
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<u>Support and Revenue</u>				
Grants	\$ 812,815	\$ 13,000	\$ 825,815	\$ 454,661
Contributions	1,078,019	10,000	1,088,019	2,050,038
Membership Revenue	51,826	-	51,826	12,405
Program Revenue	445,640	-	445,640	401,995
Fundraising Revenue	799,558	-	799,558	638,645
Other Income	8,618	-	8,618	17,423
Inkind Revenue	72,462	-	72,462	76,686
Interest Income	5,707	-	5,707	5,365
Satisfaction of Program Restrictions	9,100	(9,100)	-	-
<b>Total Support and Revenue</b>	<b>3,283,745</b>	<b>13,900</b>	<b>3,297,645</b>	<b>3,657,218</b>
<u>Expenses</u>				
Program Services	2,386,862	-	2,386,862	2,319,345
Management and General	624,164	-	624,164	531,512
Fundraising	625,686	-	625,686	430,413
Unallocated Payments to National Organization	10,371	-	10,371	9,986
<b>Total Expenses</b>	<b>3,647,083</b>	<b>-</b>	<b>3,647,083</b>	<b>3,291,256</b>
Increase (Decrease) in Net Assets Before Other Revenues & Expenses	(363,338)	13,900	(349,438)	365,962
<u>Other Revenues &amp; Expenses</u>				
Forgiveness of Debt	-	-	-	50,414
Investment Income (Loss)	13,820	(171,006)	(157,186)	196,281
<b>Total Other Revenues &amp; Expenses</b>	<b>13,820</b>	<b>(171,006)</b>	<b>(157,186)</b>	<b>246,695</b>
Increase (Decrease) in Net Assets	(349,518)	(157,106)	(506,624)	612,657
Net Assets, Beginning of Year	3,380,486	701,194	4,081,680	3,469,023
<b>Net Assets, End of Year</b>	<b>\$ 3,030,968</b>	<b>\$ 544,088</b>	<b>\$ 3,575,056</b>	<b>\$ 4,081,680</b>

*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**

<b>Fiscal Year Ended August 31, 2022 (With Comparative Totals for 2021)</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ (506,624)	\$ 612,657
Adjustments to reconcile increase in net assets to net cash flows provided (used) by operating activities:		
Depreciation	201,206	195,798
Forgiveness of Debt	-	(50,414)
Unrealized (Gain) Loss on Investments	342,813	(114,510)
(Increase) Decrease In:		
Accounts Receivable	(155,214)	(46,558)
Prepaid	(25,782)	1,954
Increase (Decrease) In:		
Accounts Payable	2,398	(27,023)
Accrued Expenses	(1,046)	(8,011)
Deferred Revenue	14,515	-
Accrued Vacation	5,050	5,433
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>(122,684)</u></b>	<b><u>569,326</u></b>
<b>Cash Flows From Investing Activities</b>		
Investments Sold	(192,313)	(76,835)
Investments Purchased	11,030	-
Purchase of Leasehold Imp., Property & Equipment	(8,048)	(180,730)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>(189,331)</u></b>	<b><u>(257,565)</u></b>
Net Increase (Decrease) in Cash & Cash Equivalents	(312,015)	311,761
Cash & Cash Equivalents at Beginning of Year	<u>1,014,643</u>	<u>702,882</u>
<b>Cash &amp; Cash Equivalents at End of Year</b>	<b><u><u>\$ 702,628</u></u></b>	<b><u><u>\$ 1,014,643</u></u></b>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash Paid During the Year for Interest	<u>\$ 9,301</u>	<u>\$ 7,970</u>

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

**Boys & Girls Clubs of Thurston County**  
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**Statement of Functional Expenses**

<u>Fiscal Year Ended August 31, 2022 (With Comparative Totals for 2021)</u>	<u>2022</u>	<u>2021</u>			
	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 1,300,529	\$ 319,341	\$ 374,879	\$ 1,994,749	\$ 1,977,430
Payroll Taxes	142,104	27,121	31,837	201,062	199,176
Employee Benefits	214,872	46,250	54,294	315,416	273,035
Training & Education Expense	7,896	32,007	-	39,903	16,360
Repair and Maintenance	91,404	5,670	-	97,074	87,327
Insurance	21,795	1,211	1,211	24,217	27,503
Postage	898	898	897	2,693	2,239
Printing/Advertising	11,418	2,006	2,006	15,430	21,392
Professional Fees	18,386	77,229	-	95,615	80,787
Occupancy Expense	68,139	6,275	6,275	80,689	73,089
Supplies	130,829	24,946	144,267	300,042	160,942
Youth Transportation	46,236	-	-	46,236	4,119
Athletic Program	-	-	-	-	39
Dues & Subscriptions	5,375	21,618	-	26,993	20,185
Vehicle Expenses	18,460	3,145	-	21,605	8,964
Meals	6,551	13,715	-	20,266	12,237
Inkind Expense	61,593	8,695	2,174	72,462	76,686
Admission & Entrance Expense	22,768	-	-	22,768	3,259
Rent Expense	22,439	16,605	5,834	44,878	32,733
Interest	-	9,301	-	9,301	7,970
Miscellaneous Expenses	-	4,107	-	4,107	-
Depreciation	195,170	4,024	2,012	201,206	195,795
<b>Total Expenses</b>	<b>\$ 2,386,862</b>	<b>\$ 624,164</b>	<b>\$ 625,686</b>	<b>\$ 3,636,712</b>	<b>\$ 3,281,267</b>

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

**Boys & Girls Clubs of Thurston County**  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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**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 2022, the BGCTC had 941 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**  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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**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, 2021, from which the summarized information was derived.

Liquidity and Availability

The BGCTC has \$925,566 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 \$669,655 and accounts receivable of \$255,911 as of August 31, 2022. 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. 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 \$32,973 and \$22,073 as of August 31, 2022 and 2021 respectively. See note 5.

The BGCTC also has investments and an endowment fund of \$967,927 and \$1,129,457 as of August 31, 2022 and 2021, respectively. See note 4.

Investments

The BGCTC records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Boys & Girls Clubs of Thurston County**  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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**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, 2022 and 2021, 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, 2022 and 2021, was \$83,780 and \$58,779, respectively.

**Boys & Girls Clubs of Thurston County  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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**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, 2022 and 2021, the uninsured cash balance totaled \$66,552 and \$26,765, respectively. There are no grant funds at risk and there was no loss for the year.

**NOTE 3 – PROPERTY AND EQUIPMENT**

At August 31, 2022, property and equipment includes the following:

Furniture & Equipment	3 - 5 yrs	\$ 310,426
Accumulated Depreciation		<u>(234,097)</u>
Total		<u>\$ 76,329</u>
Land & Land Improvements		\$ 530,954
Leasehold Improvements	10 - 20 yrs	2,969,617
Accumulated Depreciation		<u>(1,859,800)</u>
Total		<u>\$ 1,640,771</u>

Net property and equipment at August 31, 2021, was \$1,910,258.

**Boys & Girls Clubs of Thurston County  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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**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 31<sup>st</sup> 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, 2022, are as follows:

	Board Designated	Time or Purpose Restrictions	Total
Beginning Balance	\$ 355,219	\$ 611,238	\$ 966,457
Bequests/Contributions	-	-	-
Investment Income (Loss)	-	(149,218)	(149,218)
Distributions	-	-	-
Ending Balance	<u>\$ 355,219</u>	<u>\$ 462,020</u>	<u>\$ 817,239</u>

Change in endowment funds for the fiscal year ended August 31, 2021, was \$147,689.

**Boys & Girls Clubs of Thurston County  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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

As of August 31, 2022, the investments had the following cost basis:

Bonds	\$	179,469
Money Market Funds		78,058
Corporate Stocks		539,311
U.S. Treasury Securities		<u>153,524</u>
 Total	 \$	 <u><u>950,362</u></u>

Cost basis as of August 31, 2021, was \$753,129.

Investment income (loss) for the fiscal year ended August 31, 2022, is as follows:

Unrealized Gain (Losses)	\$	(342,814)
Realized Gain (Losses)		171,808
Dividends		<u>13,820</u>
 Total	 \$	 <u><u>(157,186)</u></u>

Investment income (loss) for the fiscal year ended August 31, 2021, was \$196,281.

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  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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**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, 2022.

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, 2022 with comparative totals for 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2022 Total</u>	<u>2021 Total</u>
Bonds	\$ 206,918	\$ -	\$ -	206,918	236,461
Money Market Funds	78,058	-	-	78,058	17,009
Corporate Stocks	538,611	-	-	538,611	720,119
U.S. Treasuries	<u>144,340</u>	<u>-</u>	<u>-</u>	<u>144,340</u>	<u>155,868</u>
<b>Total Assets at Fair Value:</b>	<b>\$ <u>967,927</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>967,927</u></b>	<b>\$ <u>1,129,457</u></b>

**Boys & Girls Clubs of Thurston County  
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**Notes to the Financial Statements**

**Fiscal Year Ended August 31, 2022**

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**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, 2022 and 2021, restricted cash for capital was \$1,973 and \$1,973 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, 2022 and 2021, restricted cash for scholarships was \$21,000 and \$1,000, 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, 2022 and 2021, restricted cash for mental health was \$10,000 and \$19,100, respectively.

As of August 31, 2022 and 2021, board designated was \$316,552 and \$276,765, 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, 2022 and 2021, with donor restriction endowment was \$462,020 and \$611,238, respectively. See Note 4.

As of August 31, 2022 and 2021, total net assets with donor restrictions were \$544,088 and \$701,194, respectively.

**NOTE 6 – DONATED SERVICES & MATERIALS**

During the fiscal years ended August 31, 2022 and 2021, 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, 2022 and 2021, was \$6,508 and \$1,935, respectively. The value of donated advertising for the fiscal years ended August 31, 2022 and 2021, was \$2,654 and \$2,500, 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, 2022 and 2021, was \$60,041 and \$45,601, respectively. Facility lease expense of \$44,878 and \$32,733, respectively, for the fiscal years ended August 31, 2022 and 2021 is shown as rent expense on the statement of functional expenses. Equipment lease expense of \$15,163 and \$12,868, respectively, for 2022 and 2021 is included in supplies 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, 2022 and 2021, was \$63,300 and \$72,251, respectively.

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**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 2018. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of August 31, 2022, 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, 2022, the BGCTC recognized \$0 in interest and penalties. The BGCTC recognized \$0 for the payment of interest and penalties accrued at August 31, 2022.

**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.



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**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, 2022, BGCTC had requested a total of \$246,014. As of August 31, 2022, the grant had \$1,974,572 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, 2022, the endowment had \$1,616,547 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, 2022, the endowment had \$1,035,456 in available funds.

**NOTE 12 - SUBSEQUENT EVENTS**

The BGCTC did not have any subsequent events through March 24, 2023, 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, 2022.