

Boys and Girls Club of Danville Area, Inc.

Financial Statements

For Year Ended December 31, 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Boys and Girls Club of Danville Area, Inc.

We have audited the accompanying financial statements of The Boys and Girls Club of Danville Area, Inc., which comprise the statement of financial position as of December 31, 2020, 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 and Girls Club of Danville Area, Inc. as of December 31, 2020, 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.



April 29, 2021  
Danville, Virginia

**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

**ASSETS**

***Current Assets:***

Cash and Cash Equivalents	\$ 771,209
	771,209

***Property and Equipment:***

Building Improvements	402,565
Buildings	695,964
Furniture, Fixtures and Equipment	111,277
Computers	73,270
Transportation Equipment	220,738
	1,503,814
Less: Accumulated Depreciation	(763,279)
	740,535

<b>Total Assets</b>	<b>\$ 1,511,744</b>
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**LIABILITIES AND NET ASSETS**

***Current Liabilities:***

Payroll Protection Loan Payable	81,200
Accounts Payable	14,921
	96,121

<i>Total Liabilities</i>	96,121
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***Net Assets:***

Without Donor Restrictions-Undesignated	776,964
With Donor Restrictions	638,659
	1,415,623

<b>Total Liabilities and Net Assets</b>	<b>\$ 1,511,744</b>
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**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b><i>Revenue and Support:</i></b>		
Grants	\$ -	\$ 382,134
Contributions	311,145	
United Way	18,285	
Fund Raising	69,877	
Membership Dues	560	
Miscellaneous	298	
	400,165	382,134
<b><i>Total Support</i></b>		
	222,684	(222,684)
<b><i>Net Assets Released from Restriction</i></b>		
	622,849	159,450
<b><i>Net Support</i></b>		
<b><i>Earned Revenue</i></b>		
Investment Income	\$ -	
Interest	246	-
	623,095	159,450
<b><i>Total Earned Revenue and Support</i></b>		
<b><i>Expenses:</i></b>		
Program Services	546,106	-
General and Administrative	122,355	-
Promotional and Development	98,855	-
	767,316	-
<b><i>Total Expenses</i></b>		
<b>Change in Net Assets</b>	<b>(144,221)</b>	<b>159,450</b>
Net Assets - Beginning of Year	921,185	479,209
<b>Net Assets - End of Year</b>	<b>\$ 776,964</b>	<b>\$ 638,659</b>

**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

*Program Expenses:*

Wages	\$ 331,441
Supplies-Education	57,250
Depreciation	45,980
Payroll Taxes	24,947
Utilities	19,711
Twenty First Century Program	15,191
Telephone	8,967
Food Supplies	7,528
Repairs and Maintenance	7,503
Staff Supplies	6,840
Advertising	6,331
Auto	4,719
Training	3,345
Recreation Supplies	3,128
Rent	3,000
Scholarships	125
Contribution	100
	\$ 546,106
<i>Total Program Expenses</i>	<i>\$ 546,106</i>

*Promotional and Development Expenses:*

Wages	72,332
Fund Raising	9,597
Travel, Lodging and Conventions	5,806
Outside Services	5,587
Payroll Taxes	5,533
	\$ 98,855
<i>Total Promotional Expenses</i>	<i>\$ 98,855</i>

*General and Administrative Expenses:*

Salaries and Wages	42,910
Depreciation	22,646
Insurance, General	18,467
Employee Benefits	13,851
Legal and Accounting	8,872
Dues	7,228
Payroll Taxes	3,283
Postage	2,852
Security	1,213
Miscellaneous	908
Other Taxes	125
	\$ 122,355
<i>Total General and Administrative Expenses</i>	<i>\$ 122,355</i>

**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Operating Activities:**

Change in Net Assets	\$ 15,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	68,626
Increase in Payroll Protection Loan	81,200
Increase in Accounts Payable	1,987
	167,042
<i>Net Cash Provided by Operating Activities</i>	<i>167,042</i>

**Investing Activities:**

Acquisition of Property and Equipment	(74,948)
<i>Net Cash Used by Investing Activities</i>	<i>(74,948)</i>

<b>Increase in Cash and Cash Equivalents</b>	<b>92,094</b>
Cash and Cash Equivalents - January 1, 2020	679,115
<b>Cash and Cash Equivalents - December 31, 2020</b>	<b>\$ 771,209</b>

**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 20120**

**Note 1- The Organization, Description of the Entity and its Activities**

Boys and Girls Club of Danville Area, Inc. was formed in 1998 as a non-stock corporation under the laws of Virginia and subject to the provisions of the Virginia code. It is governed by a Board of Directors. Officers include a president, vice president, secretary, and treasurer. All officers and directors serve on a volunteer basis. Paid positions include the executive director, secretary, and all other staff.

Boys and Girls Club of Danville Area, Inc. is organized as a non-profit corporation to provide day and after school programs for boys and girls in the City of Danville and Pittsylvania County. The purpose of the organization is to provide educational guidance, recreational activities, and other mentoring programs.

**Note 2- Summary of Significant Accounting Policies**

A. Basis of Accounting

- The Financial Statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Interest Income

- Income earned from interest.

C. Support

- Contributions and grants received are recorded as with or without restrictions depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in with donor restrictions net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.

D. Property and Equipment

- Property and Equipment acquired by Boys and Girls Club of Danville Area, Inc. are considered to be owned by Boys and Girls Club of Danville Area, Inc. Property and equipment acquisitions are recorded at cost or fair value when received and depreciated over estimated useful lives of the assets, which range from 5 to 39 years. Maintenance and repairs are charged to operations when incurred. Improvements and renewals are capitalized. Depreciation is recorded



on all property and equipment using the straight line method. Depreciation expense for 2020 amounted to \$68,626.

E. Income Taxes

- Boys and Girls Club of Danville Area, Inc. is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code.

F. Net Assets- Without Donor Restrictions

- Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

G. Net Assets- With Donor Restrictions

- Net assets subject to donor-imposed restrictions that may or will be satisfied, in the form of actions by Boys and Girls Club of Danville Area, Inc. or the passage of time. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Boys and Girls Club net assets are subject to the following purpose restrictions:

Capital Improvements	\$10,000
Transportation	36,000
Scholarships	10,000
Educational Programming	<u>582,659</u>
Total	<u>\$638,659</u>

H. Functional Allocation of Expenses

- The cost of providing Boys and Girls Club of Danville Area, Inc. programs, promotions and administration has been summarized on a functional basis in the Statement of Activities.
- The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is constantly applied.
- The Chief Executive Officer's broad responsibilities include administrative and programmatic oversight. The CEO spends a portion of time directly overseeing educational programming. Additionally, a portion of time is spent with current and potential donors on promotional cultivation activities. A portion of the CEO's compensation and benefits and other expenses would be allocated to the educational programming and the promotional activities representing the portion of time spent on those activities because they reflect direct conduct or direct supervision. The remainder of the CEO's time is spent indirectly supervising the

other areas of the organization, including administrative and thus that portion remains in management and general activities.

I. Estimates

- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Advertising

- Advertising costs are expensed as incurred.

K. Contributed Services

- Donated Services were suspended in 2020 for refuse and food supplies due to safety concerns surrounding the Covid-19 pandemic. The organization generally pays for these services and goods to ensure proper health protocols.

L. Recent Accounting Standards

- In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized.

In June 2020, the FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606). The ASU changed the effective date of the provisions of ASU No. 2015-14. As a result, the new effective date for not-for-profit entities (generally) is for annual reporting periods beginning after December 15, 2019.

These ASUs, were adopted by the organization for the year ended December 31, 2020. The adoption of ASC 606 resulted in no impact to the financial statement line items of the Organization’s statement of activities during the year ended December 31, 2020.

In June 2018, the FASB issued ASU 2018-08, Not-for Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 is intended to clarify current guidance about whether a transfer of assets is a contribution or an exchange transaction. ASU 2018-08 is effective for annual periods beginning after December 15, 2019. The organization adopted this ASU effective January 1, 2020 with no impact on its financial statements.

In February 2016, the FASB issued Accounting Standards Update, Leases (Topic 842), intended to improve financial reporting about leasing transaction. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP- which requires only capital leases to be recognized on the statement of assets, liabilities, and members' equity (deficit). The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that the adoption of this standard will have on its financial statements.

M. Revenue Recognition

- All revenues are recorded in accordance with ASC 606, Revenue from Contracts with Customers, which is recognized when (i) a contract with a customer has been identified, (ii) the performance obligation (s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

**Note 3- Cash and Cash Equivalents**

For purposes of the cash flow statement, cash and cash equivalents are considered to be highly liquid depository accounts with a maturity of less than ninety days. At December 31, 2020 cash and cash equivalents included \$771,209 of which \$250,000 was insured by the Federal Deposit Insurance Corporation.

**Note 4- Operating Lease**

The organization had an operating lease agreement with Pittsylvania County Schools for use of space at the STEM (Science, Technology, Education, and Math) Academy. The lease is a yearly lease renewable January 1 of each year.

**Note 5 - Pension Plan**

Substantially all of the employees of the Organization are eligible to participate in the Boys and Girls Club of Danville Area, Inc, Retirement Plan, a national defined contribution, multiple-employer pension plan qualified under the Internal Revenue Code. The Organization contributes 6% of each participant's annual salary, and each participant may contribute 5%. For the year ended December 31, 2020, the Organization's net pension cost, included with employee benefit expense, amounted to \$6,248.

The Organization also offers a defined contribution plan for full-time employees under Section 403(b) of the Internal Revenue Code. Eligible Employees may elect to defer a portion of his or her salary as part of a qualified retirement plan.

**Note 6- Endowment Fund**

The Organization entered into an agreement June 17<sup>th</sup>, 2013 with The Community Foundation of the Dan River Region- CFDRR, a Virginia community foundation to establish an endowment fund. The endowment fund was created to provide current income and long term stability for the operation of the Organization.

The Fund shall be the property of CFDRR held by it in its corporate capacity and shall not be deemed a trust fund held by it in a trustee capacity. The fund balance as of December 31, 2020 was \$472,740. CFDRR has the ultimate authority and control over the property in the Fund and the income derived therefrom in accordance with the Articles of Incorporation and Bylaws of the Foundation and the terms of the agreement with the Organization in a manner not inconsistent with the said Articles and Bylaws.

Upon request of the Organization, the Foundation shall direct grants from the income of the Fund in an amount not to exceed the Foundation Board- determined percent of the Fund net assets annually, thus returning any excess after grants and expenses to the corpus of the Fund. Distributions in excess of the income of the Fund may be requested in extreme circumstances by the Organization. Such requests will be carefully evaluated by the Foundation’s Board, since the Fund’s purpose is to provide perpetual support.

**Note-7-Liquidity and Availability**

Financial assets as of December 31, 2020, available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	<u>\$771,209</u>
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**Note 8- Payroll Protection Program**

The organization received a payroll protection loan on April 27, 2020 in the amount of 81,200. The organization applied for forgiveness in February of 2021 and expects the loan to be forgiven.

**Note 9 – Subsequent Events**

The Organization has evaluated subsequent events through **April 28, 2021** which is the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus that causes a respiratory disease named Covid-19 was reported to have surfaced in Wuhan, China. The coronavirus outbreak has disrupted the Organizations operations. The severity of the impact of the disease will depend on how long and widespread the disruption becomes. As the spread of Covid-19 continues, this could have an increasing impact on the organization in the coming months.