

Boys and Girls Club of Danville Area, Inc.

Financial Statements

For Year Ended December 31, 2019

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report on the Financial Statements	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

Kania & Associates, LLC

Certified Public Accountants
4500 Riverside Drive, Suite B
Danville, VA 24541
Phone: (434) 822-2003
Fax: (434) 822-0842

Vincent P. Kania, Sr., CPA
Brian S. Turner, CPA
Vincent P. Kania, Jr., CPA

E-mail: vpkania@kaniaassociates.com

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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

 & Associates, LLC

May 28, 2020
Danville, Virginia

**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 679,115
<i>Total Current Assets</i>	679,115

Property and Equipment:

Building Improvements	383,865
Buildings	695,964
Furniture, Fixtures and Equipment	111,277
Computers	73,270
Transportation Equipment	164,490
	1,428,866
Less: Accumulated Depreciation	(694,652)
<i>Net Property and Equipment</i>	734,214

Total Assets	\$ 1,413,329
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	12,935
<i>Total Current Liabilities</i>	12,935
 <i>Total Liabilities</i>	 12,935

Net Assets:

Without Donor Restrictions-Undesignated	921,185
With Donor Restrictions	479,209
<i>Total Net Assets</i>	1,400,394
Total Liabilities and Net Assets	\$ 1,413,329

BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions
<i>Revenue and Support:</i>		
Grants	\$ -	\$ 390,149
Contributions	375,278	
United Way	19,499	
Fund Raising	87,130	
Membership Dues	36,540	
Miscellaneous	513	
	518,960	390,149
<i>Total Support</i>		
<i>Net Assets Released from Restriction</i>	431,528	(431,528)
<i>Net Support</i>	950,488	(41,379)
<i>Earned Revenue</i>		
Investment Income	\$ -	
Interest	319	-
	950,807	(41,379)
<i>Total Earned Revenue and Support</i>		
<i>Expenses:</i>		
Program Services	700,726	-
General and Administrative	118,245	-
Promotional	89,044	-
	908,015	-
<i>Total Expenses</i>		
Change in Net Assets	42,792	(41,379)
Net Assets - Beginning of Year	878,393	520,588
Net Assets - End of Year	\$ 921,185	\$ 479,209

**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Program Expenses:

Wages	\$ 307,428
Contribution	100,000
Supplies-Education	77,076
Depreciation	43,696
Food Supplies	31,522
Payroll Taxes	22,825
Utilities	20,210
Twenty First Century Program	17,374
Scholarships	13,535
Rent	12,000
Recreation Supplies	10,764
Auto	10,610
Advertising	9,815
Repairs and Maintenance	9,494
Telephone	7,648
Training	5,491
Staff Supplies	1,238
	<u>700,726</u>
<i>Total Program Expenses</i>	<u>\$ 700,726</u>

Promotional Expenses:

Wages	54,331
Fund Raising	14,353
Travel, Lodging and Conventions	12,628
Payroll Taxes	4,156
Outside Services	3,577
	<u>89,044</u>
<i>Total Promotional Expenses</i>	<u>\$ 89,044</u>

General and Administrative Expenses:

Salaries and Wages	41,736
Depreciation	21,522
Insurance, General	17,671
Employee Benefits	12,125
Legal and Accounting	9,946
Dues	6,271
Payroll Taxes	3,192
Security	2,561
Postage	2,418
Miscellaneous	483
Refuse	220
Other Taxes	100
	<u>118,245</u>
<i>Total General and Administrative Expenses</i>	<u>\$ 118,245</u>

**BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Operating Activities:

Change in Net Assets	\$ 1,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	65,218
Increase in Accounts Payable	1,986
	68,617
<i>Net Cash Provided by Operating Activities</i>	<i>68,617</i>

Investing Activities:

Acquisition of Property and Equipment	(75,049)
<i>Net Cash Used by Investing Activities</i>	<i>(75,049)</i>

Increase in Cash and Cash Equivalents	(6,432)
Cash and Cash Equivalents - January 1, 2019	685,547
Cash and Cash Equivalents - December 31, 2019	\$ 679,115

BOYS AND GIRLS CLUB OF DANVILLE AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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. Contributed Support

- Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor 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 2019 amounted to \$65,218.

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	35,000
Scholarships	10,000
Educational Programming	<u>424,209</u>
Total	<u>\$479,209</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 in the amount of \$4,519 have been recognized in the financial statements for refuse and food supplies. The organization generally pays for these services and goods, however these services and goods were donated. The organization has appropriately recorded as revenue and then expense for these items.

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, 2019 cash and cash equivalents included \$679,115 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, 2019, the Organization's net pension cost, included with employee benefit expense, amounted to \$5928.

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 17th, 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, 2019 was \$416,044. 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.

The organization made a \$100,000 contribution to the endowment for the year ended December 31, 2019.

Note-7-Liquidity and Availability

Financial assets as of December 31, 2019, 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>\$679,115</u>
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Note 8 – Subsequent Events

The Organization has evaluated subsequent events through May 28, 2020 which is the date the financial statements were available to be issued.

**Kania & Associates, CPAS
4500 Riverside Dr Suite B
Danville, VA 24541
434-822-2003**

May 28, 2020

CONFIDENTIAL

Boys and Girls Club of Danville
Area Inc.
123 Foster Street
Danville, VA 24541

Dear Faith:

We have prepared the following returns from information provided by you without verification or audit.

Return of Organization Exempt From Income Tax (Form 990)

We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements. Attached are instructions for signing and filing each return. Please follow those instructions carefully.

Enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,

Kania & Associates, CPAS

Filing Instructions

Boys and Girls Club of Danville Area Inc.

Exempt Organization Tax Return

Taxable Year Ended December 31, 2019

Date Due: July 15, 2020

Remittance: None is required. Your Form 990 for the tax year ended 12/31/19 shows no balance due.

Signature: You are using a Personal Identification Number (PIN) for signing your return electronically. Form 8879-EO, IRS *e-file* Signature Authorization for an Exempt Organization should be signed and dated by an authorized officer of the organization and returned to:

Kania & Associates, CPAS
4500 Riverside Dr Suite B
Danville, VA 24541

Important: Your return will not be filed with the IRS until the signed Form 8879-EO has been received by this office.

Other: Your return is being filed electronically with the IRS and is not required to be mailed. If you Mail a paper copy of your return to the IRS it will delay the processing of your return.