

**BOYS & GIRLS CLUBS
OF GREATER CINCINNATI, INC.**

**BOYS & GIRLS CLUBS
OF GREATER CINCINNATI
SCHOLASTIC FOUNDATION**

**FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

**Together With The
INDEPENDENT AUDITOR'S REPORT**

**BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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**BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION**

**OFFICERS OF THE BOARD OF TRUSTEES
DECEMBER 31, 2020**

Josh Guttman
Chairman of the Board

Pat O'Callaghan, Jr
Vice Chairman

David Gooch
Secretary

Steven Miller
Treasurer

David Singer
Immediate Past Chairman

William Bresser
President

Vice Presidents

Helen Brennan

Mitch Galvin

Andrew Giannella

Daniel Gibson

Aaron Hansen

Rick Rothhaas

Matt Sheakley

Daniel Vollmer

Independent Auditor's Report

**The Board of Trustees
Boys & Girls Clubs of Greater Cincinnati, Inc.
Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation
Cincinnati, Ohio**

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Clubs of Greater Cincinnati, Inc. (Clubs) and the Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation (Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 of material misstatement.

An audit involves performing procedures to obtain 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Clubs of Greater Cincinnati, Inc. and the Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation as of December 31, 2020 and 2019, and the changes in their net assets, their functional expenses, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Implementation of New FASB Accounting Standard

As discussed in Note 18 to the financial statements, effective January 1, 2020 Boys & Girls Clubs of Greater Cincinnati, Inc. and the Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation adopted Financial Accounting Standards Board Accounting Standards Updates 2014-09 *Revenue From Contracts with Customers* (Topic 606) and 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Our opinions are not modified with respect to these matters.

Van Gorder, Walker & Co., Inc.

Van Gorder, Walker, & Co., Inc.
Erlanger, Kentucky
March 19, 2021

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2020

	2020		
	Boys & Girls Club of Greater Cincinnati, Inc.	Boys & Girls Club of Greater Cincinnati Scholastic Foundation	Total (Memo Only)
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,651,747	\$ 32,681	\$ 1,684,428
Investments, at fair market value	15,251,805	322,674	15,574,479
Accounts receivable	56,665	-	56,665
Unconditional promises to give	520,499	-	520,499
Pledges receivable	494,350	-	494,350
Prepaid expenses and deposits	71,900	-	71,900
Total current assets	18,046,966	355,355	18,402,321
Non Current Assets:			
Cash surrender value of life insurance policy	596,997	-	596,997
Bond issuance costs, net of amortization	24,481	-	24,481
Total non current assets	621,478		621,478
Property and equipment			
Land	996,562	-	996,562
Buildings and building improvements	11,009,106	-	11,009,106
Equipment	950,793	-	950,793
Less: accumulated depreciation	(6,075,576)	-	(6,075,576)
Net property and equipment	6,880,885	-	6,880,885
TOTAL ASSETS	\$ 25,549,329	\$ 355,355	\$ 25,904,684
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 84,126	\$ -	\$ 84,126
Accrued liabilities	192,526	-	192,526
Deferred income	12,500	-	12,500
Line of credit	-	-	-
Current portion of long-term debt	451,667	-	451,667
Total current liabilities	740,819	-	740,819
Long-Term Liabilities:			
Municipal economic development bond	1,025,000	-	1,025,000
State of Ohio MHAS mortgage	459,722	-	459,722
Total long-term liabilities	1,484,722	-	1,484,722
Total liabilities	2,225,541	-	2,225,541
Net Assets			
With donor restrictions	1,655,948	300,001	1,955,949
With donor restrictions-awarded scholarships	-	55,354	55,354
Without donor restrictions	21,667,840	-	21,667,840
Total net assets	23,323,788	355,355	23,679,143
TOTAL LIABILITIES AND NET ASSETS	\$ 25,549,329	\$ 355,355	\$ 25,904,684

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2019

	2019		
	Boys & Girls Club of Greater Cincinnati, Inc.	Boys & Girls Club of Greater Cincinnati Scholastic Foundation	Total (Memo Only)
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,179,781	\$ 24,627	\$ 1,204,408
Investments, at fair market value	13,752,778	284,950	14,037,728
Accounts receivable	52,350	-	52,350
Unconditional promises to give	588,800	-	588,800
Pledges receivable	875,864	-	875,864
Prepaid expenses and deposits	56,184	-	56,184
Total current assets	16,505,757	309,577	16,815,334
Non Current Assets:			
Cash surrender value of life insurance policy	606,034	-	606,034
Bond issuance costs, net of amortization	27,392	-	27,392
Total non current assets	633,426		633,426
Property and equipment			
Land	996,562	-	996,562
Buildings and building improvements	10,753,708	-	10,753,708
Equipment	934,181	-	934,181
Less: accumulated depreciation	(5,728,459)	-	(5,728,459)
Net property and equipment	6,955,992	-	6,955,992
TOTAL ASSETS	\$ 24,095,175	\$ 309,577	\$ 24,404,752
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 143,529	\$ -	\$ 143,529
Accrued liabilities	215,953	-	215,953
Deferred income	22,500	-	22,500
Line of credit	450,000	-	450,000
Current portion of long-term debt	141,667	-	141,667
Total current liabilities	973,649	-	973,649
Long-Term Liabilities:			
Municipal economic development bond	1,150,000	-	1,150,000
State of Ohio MHAS mortgage	426,389	-	426,389
Total long-term liabilities	1,576,389	-	1,576,389
Total liabilities	2,550,038	-	2,550,038
Net Assets			
With donor restrictions	1,821,803	257,680	2,079,483
With donor restrictions-awarded scholarships	-	51,897	51,897
Without donor restrictions	19,723,334	-	19,723,334
Total net assets	21,545,137	309,577	21,854,714
TOTAL LIABILITIES AND NET ASSETS	\$ 24,095,175	\$ 309,577	\$ 24,404,752

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ending December 31, 2020

	2020				
	Boys & Girls Clubs of Greater Cincinnati, Inc.		Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total (Memo Only)
SUPPORT AND REVENUE					
Contributions	\$ 1,801,176	\$ 577,357	\$ -	\$ 11,824	\$ 2,390,357
Contract services	26,000	-	-	-	26,000
Grants - government agencies	569,204	-	-	-	569,204
United Way funding	-	520,499	-	-	520,499
Other Income	457,382	-	-	-	457,382
Program service fees	6,309	-	-	-	6,309
Special events, net	202,492	28,700	-	-	231,192
Gain on disposal of assets	152,005	-	-	-	152,005
Net investment return	1,603,942	-	-	37,724	1,641,666
TOTAL SUPPORT AND REVENUE	4,818,510	1,126,556	-	49,548	5,994,614
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of program restrictions	703,611	(703,611)	3,770	(3,770)	-
Expiration of time restrictions	588,800	(588,800)	-	-	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	1,292,411	(1,292,411)	3,770	(3,770)	-
TOTAL SUPPORT AND RECLASSIFICATIONS	6,110,921	(165,855)	3,770	45,778	5,994,614
EXPENSES					
Program services					
Fit for Life	775,821	-	-	-	775,821
Graduate Great	1,977,401	-	-	-	1,977,401
Ready to Serve	220,397	-	-	-	220,397
Scholarships	-	-	2,805	-	2,805
Total program services	2,973,619	-	2,805	-	2,976,424
Supporting services					
Management and general	639,718	-	965	-	640,683
Fundraising	553,078	-	-	-	553,078
TOTAL EXPENSES	4,166,415	-	3,770	-	4,170,185
CHANGE IN NET ASSETS	1,944,506	(165,855)	-	45,778	1,824,429
NET ASSETS AT BEGINNING OF YEAR	19,723,334	1,821,803	-	309,577	21,854,714
NET ASSETS AT END OF YEAR	\$ 21,667,840	\$ 1,655,948	\$ -	\$ 355,355	\$ 23,679,143

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ending December 31, 2019

	2019				
	Boys & Girls Clubs of Greater Cincinnati, Inc.		Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total (Memo Only)
SUPPORT AND REVENUE					
Contributions	\$ 1,427,537	\$ 812,302	\$ -	\$ 35,739	\$ 2,275,578
Contract services	49,167	-	-	-	49,167
Grants - government agencies	226,913	-	-	-	226,913
United Way funding	-	588,800	-	-	588,800
Other Income	38,311	57,273	-	-	95,584
Program service fees	26,607	-	-	-	26,607
Special events, net	546,440	5,252	-	-	551,692
Insurance proceeds	2,664	-	-	-	2,664
Net Investment income	2,117,425	-	-	9,950	2,127,375
TOTAL SUPPORT AND REVENUE	4,435,064	1,463,627	-	45,689	5,944,380
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of program restrictions	983,962	(983,962)	14,608	(14,608)	-
Expiration of time restrictions	588,800	(588,800)	-	-	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	1,572,762	(1,572,762)	14,608	(14,608)	-
TOTAL SUPPORT AND RECLASSIFICATIONS	6,007,826	(109,135)	14,608	31,081	5,944,380
EXPENSES					
Program services					
Fit for Life	816,042	-	-	-	816,042
Graduate Great	1,957,861	-	-	-	1,957,861
Ready to Serve	223,101	-	-	-	223,101
Scholarships	-	-	14,008	-	14,008
Total program services	2,997,004	-	14,008	-	3,011,012
Supporting services					
Management and general	718,466	-	600	-	719,066
Fundraising	422,346	-	-	-	422,346
TOTAL EXPENSES	4,137,816	-	14,608	-	4,152,424
CHANGE IN NET ASSETS	1,870,010	(109,135)	-	31,081	1,791,956
NET ASSETS, BEGINNING OF YEAR	17,853,324	1,930,938	-	278,496	20,062,758
NET ASSETS, END OF YEAR	\$ 19,723,334	\$ 1,821,803	\$ -	\$ 309,577	\$ 21,854,714

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending December 31, 2020

	<i>Program Services</i>						
	<u>Fit for Life</u>	<u>Graduate Great</u>	<u>Ready to Serve</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$ 457,709	\$ 1,156,132	\$ 135,594	\$ 1,749,435	\$ 413,236	\$ 267,668	\$ 2,430,339
Conferences and meetings	935	1,984	1,069	3,988	4,507	9,336	17,831
Bad debt expense	-	-	-	-	41,000	-	41,000
Bank fees and interest expense	6,681	15,561	1,616	23,858	16,187	10,592	50,637
Dues and memberships	7,570	20,084	2,470	30,124	879	2,840	33,843
Equipment	37,138	98,286	11,607	147,031	8,601	5,629	161,261
Fundraising and marketing	-	-	-	-	-	123,637	123,637
Household and office supplies	8,682	17,734	1,889	28,305	24,592	16,109	69,006
Insurance premiums	10,335	19,618	1,510	31,463	55,798	36,514	123,775
Local transportation	515	557	63	1,135	354	231	1,720
Occupancy-building and grounds	64,666	171,564	20,541	256,771	24,598	7,003	288,372
Postage	179	340	26	545	968	633	2,146
Technology maintenance	11,081	34,043	3,406	48,530	7,455	4,879	60,864
Printing and publications	139	332	35	506	275	180	961
Professional service fees	26,854	70,327	8,025	105,206	18,857	15,707	139,770
Program costs and supplies	47,567	117,438	2,604	167,609	-	37,454	205,063
Telephone	7,869	20,653	2,443	30,965	2,888	1,890	35,743
Total expenses before depreciation and amortization	687,920	1,744,653	192,898	2,625,471	620,195	540,302	3,785,968
Depreciation and amortization	87,901	232,748	27,499	348,148	19,523	12,776	380,447
Total functional expenses	<u>\$ 775,821</u>	<u>\$ 1,977,401</u>	<u>\$ 220,397</u>	<u>\$ 2,973,619</u>	<u>\$ 639,718</u>	<u>\$ 553,078</u>	<u>\$ 4,166,415</u>

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending December 31, 2019

	<i>Program Services</i>						
	Fit for Life	Graduate Great	Ready to Serve	Total Program Services	Management and General	Fundraising	Total
Personnel costs	\$ 456,150	\$ 1,147,186	\$ 133,483	\$ 1,736,819	\$ 390,071	\$ 229,326	\$ 2,356,216
Conferences and meetings	2,281	5,059	384	7,724	38,790	17,626	64,140
Bad debt expense	-	-	-	-	68,250	-	68,250
Bank fees and interest expense	6,447	13,451	1,194	21,092	20,852	11,995	53,939
Dues	3,882	10,272	1,349	15,503	15,219	1,348	32,070
Equipment	28,920	74,098	8,669	111,687	12,127	6,053	129,867
Fundraising and marketing	-	-	-	-	-	68,180	68,180
Household supply	2,264	5,382	590	8,236	14,845	3,518	26,599
Insurance premiums	24,658	65,274	7,707	97,639	6,583	2,536	106,758
Local transportation	621	1,569	177	2,367	592	302	3,261
Occupancy-building and grounds	73,806	196,220	23,259	293,285	8,607	4,951	306,843
Postage	360	677	50	1,087	1,646	903	3,636
Technology maintenance	13,029	33,481	4,189	50,699	6,287	4,321	61,307
Printing and publications	215	553	64	832	125	733	1,690
Professional service fees	13,634	28,176	2,698	44,508	101,392	27,584	173,484
Program costs and supplies	102,727	147,717	12,444	262,888	8,408	28,779	300,075
Telephone	5,950	15,348	1,788	23,086	3,169	1,823	28,078
Total expenses before depreciation and amortization	735,304	1,744,463	198,045	2,677,452	696,963	409,978	3,784,393
Depreciation and amortization	81,098	213,398	25,056	319,552	21,503	12,368	353,423
Total functional expenses	<u>\$ 816,402</u>	<u>\$ 1,957,861</u>	<u>\$ 223,101</u>	<u>\$ 2,997,004</u>	<u>\$ 718,466</u>	<u>\$ 422,346</u>	<u>\$ 4,137,816</u>

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC. BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION STATEMENTS OF CASH FLOWS For the Years Ending December 31, 2020
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	2020		
	Boys and Girls Club of Greater Cincinnati, Inc.	Boys & Girls Club of Greater Cincinnati Scholastic Foundation	Total (Memo Only)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 1,778,651	\$ 45,778	\$ 1,824,429
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:			
Depreciation and amortization	380,447	-	380,447
Gain on disposal of assets	(152,005)	-	(152,005)
Change in value - life insurance policy	9,037	-	9,037
Gain on investments	(1,603,142)	(37,717)	(1,640,859)
Net changes in operating assets and liabilities:			
Accounts receivable	63,986	-	63,986
Pledges receivable	381,514	-	381,514
Prepaid expenses and deposits	(15,716)	-	(15,716)
Accounts payable	(59,403)	-	(59,403)
Accrued liabilities	(23,427)	-	(23,427)
Deferred income	(10,000)	-	(10,000)
Net change in cash from operating activities	749,942	8,061	758,003
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(339,063)	-	(339,063)
Sale of asset	188,639	-	188,639
Proceeds from sale of investments	1,923,532	-	1,923,532
Purchases of investments	(1,819,417)	(7)	(1,819,424)
Net change in cash from investing activities	(46,309)	(7)	(46,316)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loan proceeds	50,000	-	50,000
Repayment of borrowings	(281,667)	-	(281,667)
Net change in cash from financing activities	(231,667)	-	(231,667)
Net change in cash and cash equivalents	471,966	8,054	480,020
Cash and cash equivalents, beginning of the year	1,179,781	24,627	1,204,408
Cash and cash equivalents, end of the year	\$ 1,651,747	\$ 32,681	\$ 1,684,428
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
CASH PAID FOR:			
Interest paid	\$ 25,756		

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION
STATEMENTS OF CASH FLOWS
for the Years Ending December 31, 2019

	2019		
	Boys and Girls Club of Greater Cincinnati, Inc.	Boys & Girls Club of Greater Cincinnati Scholastic Foundation	Total (Memo Only)
ASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 1,760,875	\$ 31,081	\$ 1,791,956
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:			
Depreciation and amortization	353,423	-	353,423
Gain on disposal of assets	(2,664)	-	(2,664)
Change in value - life insurance policy	(57,273)	-	(57,273)
Gain on investments	(2,116,287)	(9,950)	(2,126,237)
Net changes in operating assets and liabilities:			
Accounts receivable	96,217	-	96,217
Pledges receivable	(48,364)	-	(48,364)
Prepaid expenses and deposits	3,364	-	3,364
Accounts payable	71,297	-	71,297
Accrued liabilities	48,325	-	48,325
Deferred income	22,500	-	22,500
Net change in cash from operating activities	131,413	21,131	152,544
ASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(1,002,388)	-	(1,002,388)
Sale of asset	5,994	-	5,994
Proceeds from sale of investments	143,185	2,137	145,322
Purchases of investments	(579,496)	(277,137)	(856,633)
Net change in cash from investing activities	(1,432,705)	(275,000)	(1,707,705)
ASH FLOWS FROM FINANCING ACTIVITIES:			
Loan proceeds	1,225,000	-	1,225,000
Repayment of borrowings	(431,944)	-	(431,944)
Net change in cash from financing activities	793,056	-	793,056
Net change in cash and cash equivalents	(508,236)	(253,869)	(762,105)
Cash and cash equivalents, beginning of the year	1,688,017	278,496	1,966,513
Cash and cash equivalents, end of the year	\$ 1,179,781	\$ 24,627	\$ 1,204,408

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

CASH PAID FOR:

Interest paid \$ 30,141

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

BOYS & GIRLS CLUBS OF GREATER CINCINNATI, INC.
BOYS & GIRLS CLUBS OF GREATER CINCINNATI SCHOLASTIC FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – ORGANIZATION

Boys & Girls Clubs of Greater Cincinnati, Inc.

The Boys & Girls Clubs of Greater Cincinnati, Inc. (Clubs) is a non-profit corporation organized to enhance the quality of life for youth by providing programs and services which promote social, health, educational, vocational and leadership development. The Corporation operates six clubs and four school-based programs in Southwest Ohio and Northern Kentucky. In April 2016, the Clubs assumed responsibility for the Boys & Girls Club of Clermont County.

Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation

In 2017, the Clubs formed the Boys & Girls Clubs of Greater Cincinnati Scholastic Foundation (Foundation) with the purpose of raising, holding, and distributing scholarship funds for deserving students who are participants in the Boys & Girls Clubs of Greater Cincinnati. The Foundation is a wholly owned 501 (c)(3) subsidiary of the Boys & Girls Clubs of Greater Cincinnati (Clubs), whose board appoints the board of the Foundation. The Foundation files the required IRS Form 990. The Foundation is also registered with the Ohio Attorney General as a charitable organization, and as such, is required to have an annual filing with that office.

During 2017, the Clubs transferred \$100,000 to the Foundation as an initial starting balance. In 2020 and 2019 the Foundation paid \$965 and \$500, respectively, to the Clubs for accounting services.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Cash and Cash Equivalents – For the purpose of the statements of cash flows, the Clubs consider all liquid investments with maturities of less than three months to be cash equivalents.

Investments – Investments in marketable equity and debt securities are reported at fair value. Fair value is determined using quoted market prices. Securities traded on a national securities exchange are valued at the last reported trading price on the last business day of the year. Realized gains or losses are determined by comparison of asset cost to net proceeds received. Unrealized gains or losses are determined by comparison of asset cost to market values at the end of the year. All realized gains and unrealized gains and losses are reported directly in the accompanying statement of activities. Investment income and gains and losses are recorded in the period incurred.

Bond Issuance Costs – Bond issuance costs are amortized over the term of the bonds on a straight-line basis.

Public Support – Grants and other contributions of cash and other assets are reported as net assets with donor restrictions or without donor restrictions depending on the existence or nature

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of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, those net assets are reported in the statement of activities as net assets released from restrictions. Unconditional promises to give are recorded at their net realizable value. Gifts are considered to be available for unrestricted use or designation by the governing board unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt.

Deferred Membership Dues – Membership dues are paid one year in advance and are recorded as revenue ratably over the term of the membership.

Federal Income Tax – The Clubs maintain exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Clubs have been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the IRC.

Functional Allocation of Expenses – The costs of providing the various program services have been summarized on a functional basis in the statements of functional expenses. Expenses directly attributable to a particular program service are allocated directly to that program. Compensation and related expenses are allocated among programs and supporting services based upon actual time incurred by the employees. Occupancy and related expenses are allocated based upon estimated space used or time spent in the Clubs for that program or service.

NOTE 3 – NET ASSETS

Resources are classified into two net asset categories according to the existence or absence of donor-imposed restrictions:

1) Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions:

Undesignated - Undesignated net assets include the assets and liabilities associated with the principal mission of the Clubs, including its net property and equipment.

Board Designated - Board designated net assets include net assets which the board has determined should be invested for future building needs, scholarships and quasi endowments.

2) Net Assets With Donor Restrictions include grants and contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Clubs and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

Designated for Endowment – consists of the Lyons Endowment Fund which was established in 1982 in memory of Maurice and Sara Marie Lyons. Interest and dividend income on this endowment is recorded as unrestricted public support and revenue.

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NOTE 4 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure of the Clubs, without donor restrictions limiting their use, comprise the following at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 1,651,747	\$ 1,179,781
Investments at market rate	15,251,806	13,752,778
Less: endowment	(419,739)	(419,739)
Accounts receivable	56,665	52,350
Unconditional promises to give	520,499	588,800
	<u>\$ 17,060,978</u>	<u>\$ 15,153,970</u>

Financial assets available for expenditures of the Scholastic Foundation, without donor restrictions limiting their use, comprise the following at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 32,681	\$ 24,627
Investments at market rate	322,674	248,950
Less: conditional promises to give (Note 14)	(55,354)	(51,897)
	<u>\$ 300,001</u>	<u>\$ 221,680</u>

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2020 and 2019 are as follows:

	2020	2019
United Way funding	\$ 520,499	\$ 588,800
Less: discounts to net present value	-	-
Net unconditional promises to give	<u>\$ 520,499</u>	<u>\$ 588,800</u>

The United Way funding is expected to be received during the 2020 year through monthly allocation payments. Although donor designations to United Way may vary, differences between the amounts allocated and collected from United Way have historically been insignificant. Accordingly, no provision for uncollectible amounts is considered necessary by management.

NOTE 6 – INVESTMENTS

Investments are held in ten accounts for investment management purposes. All investment activity is without donor restrictions. Investments are measured at fair value on a recurring basis.

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Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Quote prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Money market funds are valued using \$1 for the unit value using the market approach. If market quotations are not readily available for valuations, assets may be valued by a method the trustee for the fund believes accurately reflects fair value.

Level 3: Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value used by the investment manager uses either the market approach, using comparable market transactions, or the income approach which consists of the net present value of estimated future cash flows, adjusted for liquidity, credit market, and other risk factors.

The Club's investments' fair value measurements are as follows at December 31, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
Government securities	\$ 972,199	\$ 972,199	\$ -	\$ -
Corporate fixed income	1,193,894	-	1,193,894	-
Municipal bonds	-	-	-	-
Total debt securities	2,166,093	972,199	1,193,894	-
Equity securities:				
Stocks	2,982,220	2,982,220	-	-
ETFs and CEFs	3,344,533	3,344,533	-	-
Mutual funds	5,945,793	5,945,793	-	-
Total equity securities	12,272,546	12,272,546	-	-
Subtotal investments	14,438,639	13,244,745	1,193,894	-
Cash and Cash Equivalents				
Money market funds	813,166	813,166	-	-
Total investments	\$ 15,251,805	\$ 14,057,911	\$ 1,193,894	\$ -

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The Club's investments' fair value measurements are as follows at December 31, 2019:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
Government securities	\$ 1,114,448	\$ 1,114,448	\$ -	\$ -
Corporate fixed income	966,379	-	966,379	-
Municipal bonds	51,177	-	51,177	-
Total debt securities	2,132,004	1,114,448	1,017,556	-
Equity securities:				
Stocks	2,850,946	2,850,946	-	-
ETFs and CEFs	2,849,124	2,849,124	-	-
Mutual funds	5,014,843	5,014,843	-	-
Net unsettled purchases/sales	(167,000)	(167,000)	-	-
Total equity securities	10,547,913	10,547,913	-	-
Subtotal investments	12,679,917	11,662,361	1,017,556	-
Cash and Cash Equivalents				
Money market funds	1,072,861	1,072,861	-	-
Total investments	\$ 13,752,778	\$ 12,735,222	\$ 1,017,556	\$ -

The Foundation's investments' fair value measurements are as follows at December 31, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
Government securities	\$ -	\$ -	\$ -	\$ -
Corporate fixed income	-	-	-	-
Municipal bonds	-	-	-	-
Total debt securities	-	-	-	-
Equity securities:				
Stocks	-	-	-	-
ETFs and CEFs	169,414	169,414	-	-
Mutual funds	147,739	147,739	-	-
Total equity securities	317,153	317,153	-	-
Subtotal investments	317,153	317,153	-	-
Cash and Cash Equivalents				
Money market funds	5,521	5,521	-	-
Total investments	\$ 322,674	\$ 322,674	\$ -	\$ -

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The Foundation's investments' fair value measurements are as follows at December 31, 2019:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
Government securities	\$ -	\$ -	\$ -	\$ -
Corporate fixed income	-	-	-	-
Municipal bonds	-	-	-	-
Total debt securities	-	-	-	-
Equity securities:				
Stocks	-	-	-	-
ETFs and CEFs	149,751	149,751	-	-
Mutual funds	130,782	130,782	-	-
Total equity securities	280,533	280,533	-	-
Subtotal investments	280,533	280,533	-	-
Cash and Cash Equivalents				
Money market funds	4,417	4,417	-	-
Total investments	\$ 284,950	\$ 284,950	\$ -	\$ -

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

During 2019, the Club's management and Board amended the investment policy for all funds held in each of the unrestricted, temporarily restricted and permanently restricted investment categories.

The purpose of the investment policy statement is designed to:

1. Outline the purpose and goals of the Fund's investment portfolios,
2. Define and assign the roles and responsibilities of all involved parties, including the Investment Committee, Investment Management Consultant, Investment Managers and Custodians,
3. To establish a clear understanding for all parties of the investment policy, asset allocation guidelines, and goals and objectives of the Fund's assets. This will include guidelines for the relevant time horizon for which the Fund's assets will be managed and the acceptable risk level of the portfolios.
4. To establish the guidelines for monitoring investment performance and risk and
5. Provide continuity across changes in the makeup of the Board of Trustees and Investment Committee.

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The Club's and allowable asset allocation ranges are as follows:

Investment Type	Target Weight	Target Range
Equities		
U.S. Large Cap Equities	37%	20% - 55%
U.S. Small/Mid Cap Equities	5%	0% - 15%
International and Global Equities	20%	0% - 30%
Fixed Income	30%	10% - 45%
Alternative Investments	5%	0% - 15%
Cash Equivalents	3%	3% - 20%
Total	100%	

The Foundation's allowable asset allocation ranges are as follows:

Investment Type	Target Weight	Target Range
Equities		
U.S. Large Cap Equities	37%	20% - 55%
U.S. Small/Mid Cap Equities	5%	0% - 15%
International and Global Equities	20%	0% - 30%
Fixed Income	30%	10% - 45%
Alternative Investments	5%	0% - 15%
Cash Equivalents	3%	3% - 20%
Total	100%	

The Clubs' management does not believe that the portfolio of investments contains any undue concentration of risk.

NOTE 7 – PLEDGES RECEIVABLE

During 2014 and 2015, the Clubs orchestrated a capital campaign and has received cash pledges from unrelated donors. These pledges receivable have been included in the financial statements at the pledged value. The Clubs had not set an allowance for uncollectible pledges but wrote off \$41,000 as bad debt expense during December 31, 2020. Total pledges receivable at December 31, 2019 and 2018 were \$494,350 and \$875,864, respectively.

NOTE 8 – CASH SURRENDER VALUE OF LIFE INSURANCE

The Clubs are the owner and beneficiary of an insurance policy on the lives of certain supporters of the Clubs. The policy has a face value of \$3,553,306. The cash surrender value of the policy was \$596,997 and \$606,034 at December 31, 2020 and 2019, respectively, and will be adjusted annually.

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, or in the case of donated property and equipment, at the fair market value on the date of the gift. Depreciation is provided in amounts sufficient to

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reduce the net book value of the property and equipment over the estimated useful lives of the assets on a straight-line basis. Buildings and building improvements are depreciated over 7-40 years and equipment and vehicles are depreciated over 3-10 years.

The following balances existed at December 31, 2020 and 2019, respectively:

Asset	December 31, 2019	Additions	Deletions	December 31, 2020
Land	\$ 996,562	\$ -	\$ -	\$ 996,562
Buildings and improvements	10,753,708	298,348	(42,950)	11,009,106
Equipment and vehicles	934,181	40,715	(24,103)	950,793
Subtotal	12,684,451	339,063	(67,053)	12,956,461
Less: accumulated depreciation	(5,728,459)	(377,536)	30,419	(6,075,576)
Net fixed assets	<u>\$ 6,955,992</u>	<u>\$ (38,473)</u>	<u>\$ (36,634)</u>	<u>\$ 6,880,885</u>

Amortization of Bond issuance cost was \$2,911 for both the years ending December 31, 2020 and 2019. Depreciation expense for the years ended December 31, 2019 and 2018 was \$377,536 and \$350,512, respectively.

NOTE 10 – IN-KIND CONTRIBUTIONS

In accordance with generally accepted accounting principles, the Clubs recognize contributions of “Other Assets”, as public support and revenue in the period received and as assets or expenses depending on the form of the benefit received. Contributions received are measured at their fair values and are reported based upon donor-imposed restrictions. Contributions of services shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria shall not be recognized. The Clubs recognized in-kind contributions for supplies and services of \$0 or the years ended December 31, 2020 and 2019, respectively.

NOTE 11 – ECONOMIC DEVELOPMENT REVENUE BONDS

During 1999, the Clubs issued economic development revenue bonds to help finance the renovation of certain facilities of the Clubs. The bonds are variable rate demand bonds (0.06% at December 31, 2017) due December 28, 2028. Interest is payable monthly. The bonds can be redeemed prior to maturity and are collateralized by an irrevocable letter of credit. The letter of credit is secured by the Clubs’ assets.

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The Clubs are committed to making the following payments for redemption of the bonds:

Year ending Dec. 31,	Payment
2021	\$ 125,000
2022	125,000
2023	125,000
2024	150,000
2025	150,000
2026-2028	475,000
Total	<u>\$ 1,150,000</u>

NOTE 12 – DONATED SERVICES

Donated services by volunteers have not been reflected in the accompanying financial statements. Many individuals volunteer their time and perform a variety of tasks that assist the Clubs in all of its program services. However, these services do not meet the criteria for recognition as contributed services in the financial statements.

NOTE 13 – SPECIAL EVENTS

Unrestricted special events revenue of \$258,563 for the year ended December 31, 2020 is shown net of related expenses of \$27,371 for a 10.6% expense to revenue ratio. Unrestricted special events revenue for the year ended December 31, 2019 was \$551,692; related special events expenses were \$186,850 for the same period for a 33.9% expense to revenue ratio.

NOTE 14 – CONDITIONAL PROMISES TO GIVE – SCHOLARSHIPS

In 2020 the Foundation awarded one graduating high school student a \$20,000 college scholarship. In 2019 two scholarships were awarded. The recipients are eligible to receive \$2,500 each semester provided they remain enrolled in school and maintain a minimum grade point average of 2.0. The scholarship is expensed when paid to the school. The balance of the scholarships awarded, but not yet paid, are shown as a net asset with donor restrictions.

NOTE 15 – CONCENTRATION IN REVENUE

The Clubs are supported primarily through 1) the United Way, 2) contributions, 3) foundations, grants, and trusts, and 4) special events. Approximately 12% and 10% of the Club's support for the years ended December 31, 2020 and 2019 respectively, came from allocations from the United Way. The loss or reduction of this funding significantly impacts the operation of the Clubs.

NOTE 16 – CONCENTRATION OF CREDIT RISK

The cash and cash equivalents balances are held at two large regional banks whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the Clubs had balances of \$879,922 and \$556,161, respectively, in excess of FDIC insured limit. The Clubs maintains its cash with a high-quality financial institution which the Clubs believes limits these risks.

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NOTE 17 – RELATED PARTY

In 2019 Sheakley, a professional employer organization, and the Clubs entered into an agreement to allow Sheakley to manage the Clubs various human resources and payroll functions (i.e. regulatory compliance, benefits administration, workplace safety, employee policies and communications, employee recordkeeping, and training & development). The Clubs paid Sheakley \$4,463 and \$3,469 during 2020 and 2019 for these services. Matt Sheakley is a Vice President of the Clubs' Board of Trustees and an officer at Sheakley.

NOTE 18 – IMPLEMENTATION OF NEW FASB ACCOUNTING STANDARD

Effective January 1, 2020 the Club adopted the requirements of Accounting Standards Update 2014-09 *Revenue From Contracts with Customers* (Topic 606) and Accounting Standards Update 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

Topic 606, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Clubs have adjusted the presentation in these financial statements accordingly.

Topic 958 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Club has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements.

The Clubs adopted the requirements of this new guidance utilizing the modified retrospective method of transition. However, the adoption of this new guidance did not result in the Clubs changing its policies for recognizing revenue and thus no cumulative adjustment to the Club's net assets as of January 1, 2020 was required. The amounts reported in the financial statements for 2020 are the same amounts that would have been reported under the former guidance. The Clubs did apply the new guidance using the practical expedient provided in Topics 606 and 958 that allows the guidance to be applied only to contracts and contributions that were not complete as of January 1, 2020. The effects of applying the practical expedient were not significant to the financial statements.

NOTE 19 – FUTURE CHANGES IN ACCOUNTING STANDARDS

ASU 2016-02 – *Leases (Topic 842)* – Implementation in FY 2021. This standard eliminates “operational leases” and requires entities to recognize, on the balance sheet, both a “right of use” asset that is amortized over the lease term and a long-term lease liability, initially measured at the present value of the future lease payments.

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NOTE 20 – COVID-19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Club's financial condition, liquidity, and future results of operations. The Club's Management and Board are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

The primary effects on the Clubs from the COVID-19 Global Pandemic were:

- A significant decrease in the Club's investment account value in March of 2020. The investment account has fully recovered its' market value as of the date of these financial statements.
- Significant changes to programs.
- Increased technology at all sites allowing for virtual operations.
- Several fundraising events were cancelled.

NOTE 21 – PAYCHECK PROTECTION PROGRAM LOAN

In response to the COVID-19 Global Pandemic, the Clubs applied for and received a \$457,750 Federal Small Business Administration *Paycheck Protection Program* loan from a local bank. The loan program specified that these proceeds be used for payroll costs, rent, and utilities during the pandemic. As of December 31, 2020, the loan has been fully forgiven as the qualifications were met and the loan amount was recognized as a restricted grant on the income statement.

NOTE 22 – SUBSEQUENT EVENTS

The Clubs' management has evaluated events through March 19, 2021 the date on which the financial statements were available for issue. The Clubs have no events subsequent to December 31, 2020, but before the report date of March 19, 2021, to disclose.