

**BOYS & GIRLS CLUB OF CARSON
FINANCIAL STATEMENTS**

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Boys & Girls Club of Carson

Report on the Financial Statements

We have audited the accompanying financial statements of the Boys & Girls Club of Carson (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility (Continued)

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 Organization as of June 30, 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.



Guzman & Gray CPAs
Long Beach, CA
September 30, 2020

**BOYS & GIRLS CLUB OF CARSON
STATEMENT OF FINANCIAL POSITION**

JUNE 30, 2020

ASSETS

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 219,257	\$ 37,500	\$ 256,757
Accounts receivable	273,427		273,427
Grant receivable	12,340		12,340
	<u>505,024</u>	<u>37,500</u>	<u>542,524</u>
 PROPERTY AND EQUIPMENT, net	 <u>115,156</u>		 <u>115,156</u>
 OTHER ASSETS			
Money market funds held for long-term purposes	 <u>399,555</u>		 <u>399,555</u>
 TOTAL ASSETS	 <u><u>\$ 1,019,735</u></u>	 <u><u>\$ 37,500</u></u>	 <u><u>\$ 1,057,235</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 46,208	\$ 46,208
Accrued vacation and payroll taxes	103,481	103,481
Accrued liability	236,660	236,660
Unearned revenue	26,494	26,494
Deferred PPP grant	268,401	268,401
TOTAL CURRENT LIABILITIES	<u>681,244</u>	<u>681,244</u>

NET ASSETS

Without donor restrictions		
Undesignated	276,772	276,772
Board designated	61,719	61,719
	<u>338,491</u>	<u>338,491</u>
With donor restrictions	<u>\$ 37,500</u>	<u>37,500</u>
TOTAL NET ASSETS	<u>338,491</u>	<u>375,991</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,019,735</u></u>	 <u><u>\$ 1,057,235</u></u>

See Independent Auditors' Report and Notes to the Financial Statements.

BOYS & GIRLS CLUB OF CARSON
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Federal and State government grants	\$ 1,035,562		\$ 1,035,562
Fiscal agent fees	43,142		43,142
Foundation grants	553,355	\$ 37,500	590,855
United Way	15,000		15,000
Individual and corporate contributions	211,984		211,984
In-kind contributions	181,219		181,219
Other	818		818
Program revenue	84,085		84,085
United Way contributions			
Gross special events revenue	\$ 451,765		
Less cost of direct benefits to donors	<u>(138,442)</u>		
Net special events revenue	<u>313,323</u>		<u>313,323</u>
NET ASSETS RELEASED FROM RESTRICTION			
	<u>50,663</u>	<u>(50,663)</u>	
TOTAL SUPPORT AND REVENUE	<u>2,489,151</u>	<u>(13,163)</u>	<u>2,475,988</u>
EXPENSES			
Program services	2,087,166		2,087,166
Support services			
Management and general	269,066		269,066
Fundraising	<u>216,295</u>		<u>216,295</u>
TOTAL EXPENSES	<u>2,572,527</u>		<u>2,572,527</u>
INCREASE(DECREASE) IN NET ASSETS	<u>(83,376)</u>	<u>(13,163)</u>	<u>(96,539)</u>
NET ASSETS, AT BEGINNING OF YEAR	<u>421,867</u>	<u>50,663</u>	<u>472,530</u>
NET ASSETS, AT END OF YEAR	<u>\$ 338,491</u>	<u>\$ 37,500</u>	<u>\$ 375,991</u>

See Independent Auditors' Report and Notes to the Financial Statements.

BOYS & GIRLS CLUB OF CARSON
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Support Services			Cost of Direct Benefits to Donors	Total
	Program Services	Management and General	Fundraising		
Auto expenses	\$ 24,695	\$ 2,191			\$ 26,886
Bank service charge	4,212	777	\$ 88		5,077
Computer	2,910	1,236			4,146
Conferences and meetings	8,031	4,443	801		13,275
Cost of direct benefits to donors				\$ 138,442	138,442
Depreciation and amortization	45,749	5,603			51,352
Dues and subscriptions	14,388	9,780	4,661		28,829
Employee benefits	190,846	27,592	27,377		245,815
Insurance	16,350	12,998			29,348
In-kind	169,926	11,293			181,219
License and fees	341	248			589
Marketing	137	113	65		315
Office supplies	4,183	3,446	273		7,902
Payroll taxes	104,750	10,540	12,443		127,733
Postage	494	408	2,728		3,630
Printing	8,513		1,482		9,995
Professional fees	79,998	28,216	14,925		123,139
Program	151,986	1,839			153,825
Rent	45,137	1,225			46,362
Repairs and maintenance	14,347	1,286			15,633
Salaries and wages	1,177,830	138,877	151,452		1,468,159
Security	1,210	354			1,564
Telephone	8,577	3,794			12,371
Training	3,578	452			4,030
Utilities	8,978	2,355			11,333
Subtotal	2,087,166	269,066	216,295	138,442	2,710,969
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors				(138,442)	(138,442)
Total	<u>\$ 2,087,166</u>	<u>\$ 269,066</u>	<u>\$ 216,295</u>	<u>\$ -</u>	<u>\$ 2,572,527</u>

See Independent Auditors' Report and Notes to the Financial Statements.

BOYS & GIRLS CLUB OF CARSON
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (96,539)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	51,352
(Increase) decrease in:	
Accounts Receivable	292,895
Grants Receivable	49,046
Prepaid Expenses	24,003
Funds held for other clubs	(230,079)
Increase (decrease) in:	
Accounts Payable	37,281
Accrued Vacation and Payroll Taxes	27,441
Accrued Liability	(173,536)
Unearned Revenue	(1,478)
NET CASH FROM OPERATING ACTIVITIES	<u>(19,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(52,866)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(52,866)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
PPP loan proceeds	353,960
Reduction in PPP loan	<u>(85,559)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>268,401</u>
NET INCREASE IN CASH	195,921
CASH AT BEGINNING OF THE YEAR	<u>60,836</u>
CASH AT END OF YEAR	<u>\$ 256,757</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest expense	<u>NONE</u>
Income tax expense	<u>NONE</u>

See Independent Auditors' Report and Notes to the Financial Statements.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Boys & Girls Club of Carson (the “Organization”) was formed to provide health, social, educational and vocational programs for the youth of the community.

The Organization was incorporated as a nonprofit organization under the laws of the State of California in August 1990. Operations and activities prior to that date have been accounted for as if such operations and activities were those of the incorporated organization. In August 1990, the Organization became affiliated with the Boys’ Club of America. The cost of this affiliation is an annual fee based on the total operating expenditures for the fiscal year minus deductions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization’s financial statements are presented in accordance with guidelines established for auxiliary organizations issued by the Office of the Chancellor of the California State University.

In 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic): Presentation of Financial Statements of Not-for-Profit Entities* and applied the changes retrospectively. The main provisions include: presentation of two-classes of net assets versus the previously required three. The guidance also enhances disclosures for board-designated amounts, components of net assets without donor restrictions, liquidity, and expenses both their natural and functional classification. With the adoption of the standard, the Organization updated net asset presentation in the financial statements and included additional disclosures as required. No significant reclassifications to prior-year amounts were necessary in order to adopt the new standard.

Under the provisions of the Guide, net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (Continued)

With Donor Restrictions – Those resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Released from Donor Restrictions – Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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. Significant estimates include annual depreciation, the carrying value of property and equipment, timing of income recognition of certain revenues and allowance for doubtful accounts. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Grant Receivables and Revenues

Grant revenues earned, but not received, are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as refundable advances. Grant expenditures are recorded when the liability is incurred.

Allowance for Doubtful Accounts

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization has not established an allowance for doubtful accounts because management considers its unconditional promises to give to be fully collectible.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are carried at cost or if donated, at the fair market value at date of donation. Depreciation is provided on the straight-line method over the estimated useful lives ranging from three to forty years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Revenue and Revenue Recognition

The Organization recognizes when cash, other assets, or unconditional promise to give are received. Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Services

A substantial number of businesses and unpaid volunteers have made significant contributions of time to the Organization's operations and fundraising. Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Donated Materials

Donated materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations or fundraising expenses as appropriate.

Functional Allocation of Expenses

The costs of program and support services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs and expenditures have been allocated among the programs and support services benefitted. Salaries, payroll taxes, and employee benefits are allocated based on time and effort. Costs related to occupancy such as rent and utilities are allocated based on a square footage basis. Other costs such as office supplies, postage, and printing, are allocated based on estimated usage on programs, management and general, and fundraising.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related the Organization's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been made in the accompanying financial statements, however, since there is no unrelated business activity.

Financial Instruments and Fair Value Measurements

Carrying values of non-derivative financial instruments, including cash and cash equivalents, accounts receivable, grants receivable, accounts payable, accrued vacation and payroll taxes, accrued liability, and unearned revenue, approximate their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ended June 30, 2020.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The new standard is effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the effect the standard will have on the financial statements, if any.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements, if any.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

Management has evaluated events and transactions that would require recognition or disclosure through September 23, 2020, which was the date the financial statements were available to be issued.

NOTE 2 – FAIR VALUE MEASUREMENTS

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a basis for considering market participant assumptions in fair market value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices in active market for identical assets or liabilities that we have the ability to access. Level 2 inputs utilize other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability, such as interest rates, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – FAIR VALUE MEASUREMENTS (Continued)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Money market funds	\$ 399,555	\$ 399,555	\$ -	\$ -
Total	<u>\$ 399,555</u>	<u>\$ 399,555</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There were no changes to the valuation methodologies used at June 30, 2020.

Money market: Valued using readily determinable fair values based on quoted prices in active markets and other relevant information generated by market transactions.

Fair values for funds held for long-term purposes are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 3 – MONEY MARKET FUNDS HELD FOR LONG-TERM PURPOSES

The Organization has money market funds held for long-term purposes totaling \$399,555 at June 30, 2020. Net investment return amounted to \$818 for the year ended June 30, 2020.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2020:

Leasehold improvements	\$ 192,402
Vehicles	146,872
Machinery and equipment	360,886
Computer software	3,002
	<u>703,162</u>
Less: Accumulated depreciation	<u>(588,006)</u>
Property and equipment, net	<u>\$ 115,156</u>

Depreciation expense for the year ended June 30, 2020, amounted to \$51,352.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 5 – ACCRUED VACATION

The Organization accrues a liability for all employee vacation time and compensated time off which has been earned but not paid. Accrued vacation at June 30, 2020 amounted to \$65,801, which is included in “Accrued vacation and payroll taxes” in the accompanying statement of financial position.

NOTE 6 – DEFERRED PPP GRANT

In April 2020, the Organization received loan proceeds in the amount of \$353,960 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 for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks 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 during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP agreement. The Organization believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

The balance of the deferred PPP grant amounted to \$268,401 at June 30, 2020.

NOTE 7 – NET ASSETS WITHOUT RESTRICTIONS – BOARD DESIGNATED

The Organization’s board of directors has designated, from net assets without donor restrictions, net assets for a future building totaling \$61,719 at June 30, 2020, which is included in the “Money market funds held for long-term purposes” in the accompanying statement of financial position.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2020:

STEM Programs	<u>\$ 138,852</u>
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BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 9 – IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions to support program activities for the year ended June 30, 2020. In-kind contributions consist of the following:

Lunches and snacks	\$	156,219
Rent		25,000
Total	\$	181,219

NOTE 10 – SPECIAL EVENTS

The Organization conducted an auction/dinner fundraiser in order to assist in the program operations. All events are conducted in accordance with applicable federal, state, and local laws and ordinances. All revenues received from such events in excess of expenses are used for the program operations.

Special events for the year ended June 30, 2020 are as follows:

	Gross Revenue	Cost of Direct Benefits	Net
Blue Door Bash	\$ 451,765	\$ (138,442)	\$ 313,323

NOTE 11 – PENSION PLAN

The Organization participates in a voluntary tax deferred annuity plan through the Boys' Club of America. Under the plan, the Organization may contribute up to 10% of compensation for eligible full-time employees. Contributions to the plan by the Organization amounted to \$91,472 for the year ended June 30, 2020.

NOTE 12 – LEASE COMMITMENTS

The Organization leases its Main Street Clubhouse facility in Carson under the terms of an operating lease. Lease payments for the year were approximately \$3,550 for the first six months of the fiscal year and \$3,700 per month through June 30, 2020.

In October 2019, an amendment to lease agreements relating to the Organization's administrative facilities located in Long Beach, California was executed which extends the lease term for twenty-four months beginning on November 1, 2019 and ending on October 31, 2021. Lease payments are approximately \$10 and \$1 per month, respectively, until the expiration of the lease terms. The monthly rental value of the facility has been estimated by the lessor at approximately \$2,083 per month. The Organization recorded \$25,000 of in-kind income and rent expense during the year ended June 30, 2020. The amount of rental expense not in-kind totaled \$11 per month for the fiscal period covered.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 12 – LEASE COMMITMENTS (Continued)

The Organization is obligated under a non-cancelable operating lease agreement related to office equipment. The lease term is for a period of 60 months with monthly payments of approximately \$318, beginning October 2017.

Future minimum lease payments under the operating lease agreements are as follows:

Year Ending June 30,	
2021	\$ 14,460
2022	3,810
2023	953
	<hr/>
	\$ 19,223
	<hr/> <hr/>

Total rental expense for the year ending June 30, 2020, was \$46,362.

NOTE 13 – CONTINGENCY, RISK, CONCENTRATION AND UNCERTAINTIES

Grants and contracts

The Organization receives grants that have various compliance requirements which management believes have been adhered to in all material requests. The Organization is located in Carson, California, and its operations are largely dependent upon the local economy.

Market and Interest Rate Risks

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

Credit Risk

The Organization maintains its cash and cash equivalents in financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash equivalents. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.

BOYS & GIRLS CLUB OF CARSON
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 13 – CONTINGENCY, RISK, CONCENTRATION AND UNCERTAINTIES

Uncertainties

Toward the end of December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. On March 13, The US President declared a national emergency. The extent to which COVID-19 may impact the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted at this time.

NOTE 14 – LIQUIDITY AND AVAILABILITY

The Organization maintains and manages adequate operating funds per policies set by the board of directors.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020, comprise of the following:

Total financial assets:	
Cash and cash equivalents	\$ 256,757
Accounts receivable	273,427
Grants receivable	<u>12,340</u>
Financial assets, at year end	542,524
Less:	
Board designated restrictions	(61,719)
Donor-imposed restrictions	<u>(138,852)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 341,953</u>