



**BOYS & GIRLS CLUBS**  
OF SOUTHEASTERN MICHIGAN

(A Michigan Non-Profit Corporation)

**FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

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## **INDEPENDENT AUDITOR'S REPORT**

June 23, 2022

To the Board of Directors  
Boys & Girls Clubs of Southeastern Michigan

### **Opinion**

We have audited the financial statements of Boys & Girls Clubs of Southeastern Michigan (“B&GCSM”, a Michigan non-profit Corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, as well as the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of B&GCSM as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are required to be independent of B&GCSM and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

B&GCSM’s management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

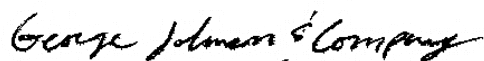
**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. *Reasonable assurance* is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of B&GCSM's internal control. Accordingly, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.
- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about B&GCSM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



CERTIFIED PUBLIC ACCOUNTANTS  
Detroit, Michigan

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 444,353	\$ 1,239,910
Contributions receivable – current portion (no allowance considered necessary) (Note C)	2,930,264	1,771,841
Accrued interest receivable	1,830	2,243
Prepaid expenses	91,116	70,298
	<u>3,467,563</u>	<u>3,084,292</u>
<b>Total Current Assets</b>		
<b>Other Assets:</b>		
Contributions receivable (net of current portion) (no allowance considered necessary) (Note C)	417,734	207,075
Investments (Note F)	1,728,481	1,504,625
Fixed assets (net of accumulated depreciation) (Note G)	6,007,249	5,444,462
	<u>8,153,464</u>	<u>7,156,162</u>
<b>Total Other Assets</b>		
<b>Total Assets</b>	<u><u>\$ 11,621,027</u></u>	<u><u>\$ 10,240,454</u></u>

See notes to financial statements.

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 669,298	\$ 358,872
Accrued pension (Note L)	97,398	80,556
Note payable – current portion (Note H)	14,284	33,562
	<u>780,980</u>	<u>472,990</u>
<b>Long-Term Liabilities:</b>		
Note payable (net of current portion) (Note H)	-0-	14,284
	<u>780,980</u>	<u>487,274</u>
<b>Net Assets:</b>		
Net assets without donor restrictions:		
Board-designated for endowment (Note E)	688,446	449,010
Undesignated	6,633,566	7,318,503
	<u>7,322,012</u>	<u>7,767,513</u>
Total Net Assets without Donor Restrictions	7,322,012	7,767,513
Net assets with donor restrictions (Note B)	3,518,035	1,985,667
	<u>10,840,047</u>	<u>9,753,180</u>
<b>Total Net Assets</b>	<b>10,840,047</b>	<b>9,753,180</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,621,027</b>	<b>\$ 10,240,454</b>

See notes to financial statements.

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF ACTIVITIES**

**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Changes in Net Assets without Donor Restrictions:</b>		
<b>Revenue and gains:</b>		
Direct contributions:		
Reimagine Campaign	\$ -0-	\$ 2,119,593
Individuals	155,901	201,942
Corporations	703,754	709,578
Foundations	947,954	495,714
Bequests and other direct contributions	1,960	1,501,955
Indirect contributions:		
United Way affiliates	11,366	18,920
In-kind contributions (Note J)	1,364,283	200,148
Government grants:		
Passed through Boys & Girls Clubs of America	275,978	-0-
Other	1,983,165	364,221
Boys & Girls Clubs of America grant	649,996	232,000
Special events, net (Note K)	430,304	86,558
Other fund raising events, net (Note K)	4,913	70,015
Interest and dividend income, net	9,344	7,001
Net realized and unrealized gain on investments	279,891	133,634
Membership dues	77,254	22,338
Program revenue	170,101	72,334
Other revenue	145	2,462
	<hr/>	<hr/>
Total Revenue and Gains without Donor Restrictions	7,066,309	6,238,413
	<hr/>	<hr/>
Net assets released from restrictions (Note B)	939,132	516,054
	<hr/>	<hr/>
<b>Total Revenue, Gains, and Other Support without Donor Restrictions</b>	<b>\$ 8,005,441</b>	<b>\$ 6,754,467</b>

See notes to financial statements.

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF ACTIVITIES (CONTINUED)**

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Changes in Net Assets without Donor Restrictions (continued):</b>		
<b>Expenses and losses:</b>		
Program services	\$ 5,866,623	\$ 3,843,906
Supporting services:		
Management and general	1,148,564	1,028,630
Fund raising	1,226,198	544,183
Total Supporting Services	<u>2,374,762</u>	<u>1,572,813</u>
<b>Total Expenses</b>	<b>8,241,385</b>	<b>5,416,719</b>
Loss on disposition of fixed assets	<u>209,557</u>	<u>-0-</u>
<b>Total Expenses and Losses</b>	<b>8,450,942</b>	<b>5,416,719</b>
<b>Change in Net Assets without Donor Restrictions</b>	<b>(445,501)</b>	<b>1,337,748</b>
<b>Changes in Net Assets with Donor Restrictions:</b>		
Direct contributions	2,471,500	1,040,000
Net assets released from restrictions (Note B)	<u>(939,132)</u>	<u>(516,054)</u>
<b>Change in Net Assets with Donor Restrictions</b>	<b>1,532,368</b>	<b>523,946</b>
<b>Change in Net Assets</b>	<b>1,086,867</b>	<b>1,861,694</b>
Net Assets, Beginning of Year	<u>9,753,180</u>	<u>7,891,486</u>
<b>Net Assets, End of Year</b>	<b>\$ <u>10,840,047</u></b>	<b>\$ <u>9,753,180</u></b>

See notes to financial statements.



BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

	2021				Total Expenses	
	Supporting Services			Total Supporting Services	2021	2020
	Program Services	Management and General	Fund Raising			
<b>Employee Compensation:</b>						
Salaries and wages	\$ 1,925,198	\$ 444,276	\$ 592,369	\$ 1,036,645	\$ 2,961,843	\$ 2,345,905
Employee benefits and payroll taxes (Note L)	333,070	76,862	102,483	179,345	512,415	412,677
<b>Total Employee Compensation</b>	<b>2,258,268</b>	<b>521,138</b>	<b>694,852</b>	<b>1,215,990</b>	<b>3,474,258</b>	<b>2,758,582</b>
<b>Other Expenses:</b>						
Professional fees	1,051,569	133,322	288,725	422,047	1,473,616	717,856
Reimagine Campaign expenses	25,560	2,840		2,840	28,400	146,340
Supplies and postage	458,342	22,190	85,078	107,268	565,610	222,832
Utilities	161,978	9,861	7,832	17,693	179,671	190,068
Building equipment and maintenance	445,889	296,930	25,676	322,606	768,495	391,449
Insurance	121,426	17,355	11,143	28,498	149,924	133,194
Marketing and communications	15,055	6,409	72,493	78,902	93,957	275,834
Printing and subscriptions	3,005	1,986	1,785	3,771	6,776	6,545
Awards and scholarships	9,157				9,157	2,548
Transportation and conferences	60,726	19,155	7,269	26,424	87,150	41,751
Interest expense		4,583		4,583	4,583	1,982
Bank charges and fees	5,312	937		937	6,249	9,554
Donated services and materials (Note J)	921,799	16,468	14,970	31,438	953,237	200,148
Miscellaneous expenses	11,053	89,311	16,375	105,686	116,739	70,453
<b>Total Expenses Before Depreciation</b>	<b>5,549,139</b>	<b>1,142,485</b>	<b>1,226,198</b>	<b>2,368,683</b>	<b>7,917,822</b>	<b>5,169,136</b>
Depreciation (Note A)	317,484	6,079		6,079	323,563	247,583
<b>Total Expenses</b>	<b>\$ 5,866,623</b>	<b>\$ 1,148,564</b>	<b>\$ 1,226,198</b>	<b>\$ 2,374,762</b>	<b>\$ 8,241,385</b>	<b>\$ 5,416,719</b>

See notes to financial statements.

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2020**

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
<b>Employee Compensation:</b>					
Salaries and wages	\$ 1,431,002	\$ 586,476	\$ 328,427	\$ 914,903	\$ 2,345,905
Employee benefits and payroll taxes (Note L)	251,733	103,169	57,775	160,944	412,677
<b>Total Employee Compensation</b>	<b>1,682,735</b>	<b>689,645</b>	<b>386,202</b>	<b>1,075,847</b>	<b>2,758,582</b>
<b>Other Expenses:</b>					
Professional fees	541,017	107,939	68,900	176,839	717,856
Reimagine Campaign expenses	131,706		14,634	14,634	146,340
Supplies and postage	188,264	33,538	1,030	34,568	222,832
Utilities	165,304	13,209	11,555	24,764	190,068
Building equipment and maintenance	323,093	50,039	18,317	68,356	391,449
Insurance	107,862	15,427	9,905	25,332	133,194
Marketing and communications	220,667	41,375	13,792	55,167	275,834
Printing and subscriptions	1,203	2,650	2,692	5,342	6,545
Awards and scholarships	2,548				2,548
Transportation and conferences	34,129	4,953	2,669	7,622	41,751
Interest expense	1,982				1,982
Bank charges and fees	8,121	1,433		1,433	9,554
Donated services and materials (Note J)	176,357	12,462	11,329	23,791	200,148
Miscellaneous expenses	16,699	50,596	3,158	53,754	70,453
<b>Total Expenses Before Depreciation</b>	<b>3,601,687</b>	<b>1,023,266</b>	<b>544,183</b>	<b>1,567,449</b>	<b>5,169,136</b>
Depreciation (Note A)	242,219	5,364		5,364	247,583
<b>Total Expenses</b>	<b>\$ 3,843,906</b>	<b>\$ 1,028,630</b>	<b>\$ 544,183</b>	<b>\$ 1,572,813</b>	<b>\$ 5,416,719</b>

See notes to financial statements.

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from donors	\$ 3,000,607	\$ 5,183,734
Cash received from grantors	2,909,139	596,221
Cash received from fundraising events	435,217	148,909
Cash received from investment income	9,757	7,034
Cash received from other sources	170,246	74,796
Cash paid for employee compensation	(3,414,836)	(2,646,829)
Cash paid to suppliers and vendors	(3,238,716)	(2,274,452)
Cash paid for interest	(4,583)	(1,982)
	<u>(133,169)</u>	<u>1,087,431</u>
<b>Net Cash Flows from Operating Activities</b>	<b>(133,169)</b>	<b>1,087,431</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of fixed assets	(684,861)	(256,271)
Acquisition of investments	(29,653)	(56,524)
Proceeds received on disposition of investments	85,688	3,057
	<u>(628,826)</u>	<u>(309,738)</u>
<b>Net Cash Flows from Investing Activities</b>	<b>(628,826)</b>	<b>(309,738)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on notes payable	(33,562)	(32,563)
	<u>(33,562)</u>	<u>(32,563)</u>
<b>Net Cash Flows from Financing Activities</b>	<b>(33,562)</b>	<b>(32,563)</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(795,557)</b>	<b>745,130</b>
Cash and Cash Equivalents, Beginning of Year	<u>1,239,910</u>	<u>494,780</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 444,353</u></b>	<b><u>\$ 1,239,910</u></b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Purpose**

Boys & Girls Clubs of Southeastern Michigan (“B&GCSM”) is a not-for-profit organization serving youth and their families in Wayne, Oakland, Macomb, and Washtenaw Counties. B&GCSM’s mission is to enable youth to become ready for careers, start-ups, and homeownership by receiving, in a safe and positive environment, the economic, social, human, and cultural capital needed to become economically mobile. B&GCSM’s multi-generational approach provides youth with an ecosystem of support needed to successfully transition into adulthood and a productive post-secondary future, whether that means college, entrepreneurship, skilled trades, or a direct career path into a growth industry. By promoting economic mobility among the region’s youth, B&GCSM is making strides at reversing years of poverty in southeastern Michigan. B&GCSM receives contributions from individuals, corporations, foundations, governments (federal, state, and local), community groups (fraternal, civic, and social), and special events. B&GCSM often collaborates with its community partners and funders in pursuit of its mission.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting.

**Financial Statement Presentation**

B&GCSM reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**Tax-Exempt Status**

B&GCSM is organized under section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation by the Internal Revenue Service. B&GCSM’s management is not aware of any uncertain tax positions or unrecognized tax benefits as of December 31, 2021 or 2020.

**Fair Value Measurements**

B&GCSM uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. B&GCSM utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (continued)**

Additionally, B&GCSM applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value and provides specific disclosure requirements based on the hierarchy. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that B&GCSM has the ability to access
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability
- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

**Contributions**

Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of cash and other assets, including unconditional promises to give in the future, are reported as support when received or when conditions related to a contractual promise to give are substantially met, measured at estimated realizable value.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions (continued)**

All contributions are considered to be available for general use unless specifically restricted by the donor. Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

**Revenue Recognition**

Revenue is measured based upon the consideration specified in a contract with a purchaser of goods or services at the time when the related performance obligation is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the purchaser. B&GCSM recognizes revenue when a performance obligation is satisfied by transferring control over a product or service to the purchaser. For merchandise sales, B&GCSM has determined control to be transferred at a point in time when the goods are provided to the purchaser. For federal grants and program revenue, B&GCSM has determined control to be transferred over time as the service is provided to the purchaser.

**Bequests**

Bequests are recorded as support at the time B&GCSM has established a right to the bequest and the proceeds are measurable.

**Cash Equivalents**

B&GCSM considers all highly liquid investments purchased with an original maturity of three months or less from the date of purchase to be cash equivalents.

**Contributions Receivable**

B&GCSM reports unconditional promises to give as contributions. Contributions that are to be paid to B&GCSM over a period of years (all of which are due in one to five years as of December 31, 2021 and 2020) are recorded at a balance that approximates the present value of their estimated future cash flows. The discount rate used approximates the rate of return on U.S. government securities at the origination of each pledge and is commensurate with the risk management associated with the ultimate collection of the pledges.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets**

Fixed assets are stated at their original cost if purchased or at their estimated fair value at the date of gift if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which range from four to ten years. B&GCSM capitalizes all expenditures for fixed assets in excess of \$3,000; similar assets of \$1,500 or more that are acquired in a single purchase or donation are capitalized in aggregate if the total cost (or estimated fair value, if donated) is over \$15,000.

**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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

B&GCSM allocates its expenses on a functional basis among its program and supporting services. Costs directly attributable to programs or supporting services are recorded in the appropriate function. Certain costs not directly attributable to a function are allocated to functions, including employee compensation, which is allocated based on time studies of the particular individuals, and occupancy, which is allocated based on square footage for each function.

**Investments**

B&GCSM's investments are stated at fair value. Fair value is defined 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 (an exit price).

B&GCSM's investments are valued as follows:

- Stocks, bonds, U.S. government securities, and short-term investments are stated at quoted market prices.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (continued)**

- Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by B&GCSM as of the end of the year.
- Other investments are stated at fair value, based on observable model inputs for substantially the full term of the investments.

Purchases and sales of investments are reflected on a trade-date basis. Gains and losses on sales of securities are based on average costs. Dividend income is recorded on the ex-dividend date. Interest and dividend income is presented net of investment expenses. Net appreciation and depreciation include gains and losses on investments bought and sold, as well as held, during the year. Realized gains and losses represent the difference between the proceeds received and the cost of investments sold. Unrealized gains and losses represent the change in the fair value of investments during the year.

**Concentration of Credit Risk**

Financial instruments which potentially subject B&GCSM to concentrations of credit risk consist principally of cash, cash equivalents, contributions receivable, and investments.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed the federally insured limit of \$250,000 per depositor at each financial institution. Cash and cash equivalents on deposit in excess of the federally insured limit as of December 31, 2021 approximated \$212,000. Contributions receivable are due from various organizations, located primarily in southeastern Michigan. As discussed in Note F, investments are diversified in stocks, bonds, U.S. government securities, registered investment companies, and short-term investments.

**Subsequent Events**

B&GCSM has evaluated subsequent events through June 23, 2022, the date that the accompanying financial statements were available to be issued.



BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
(A Michigan Non-Profit Corporation)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

**NOTE B — NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available as of December 31, 2021 and 2020 for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Restricted for specific purposes:		
Investment in perpetuity	\$ 1,033,359	\$ 1,033,359
Detroit Lions Foundation	1,100,000	-0-
Blevins Charitable Fund	263,486	-0-
The Children's Foundation and Detroit Red Wings	263,117	-0-
Dauch Family Foundation	200,000	250,000
Detroit Pistons	200,000	-0-
NBA Foundation	150,000	-0-
United Way for Southeastern Michigan:		
Mt. Clemens and Eastpointe Expansion	125,000	-0-
Dick & Sandy Dauch Campus	-0-	100,000
Pontiac Youth Recreation Center	-0-	95,852
Nicholas A. Showich Fund	50,995	53,995
James McLernon Scholarship Fund	47,673	49,173
Rocket Community Fund:		
Equipment and program	25,000	250,000
Dauch outdoor redevelopment	21,750	-0-
Dexter Family Scholarship Fund	18,288	18,288
Weiss Family Foundation	15,000	-0-
Ally Bank	4,367	-0-
Matilda R. Wilson Fund	-0-	75,000
Kohl's	-0-	30,000
Bank of America	-0-	25,000
Jack and Jill of America Foundation	-0-	5,000
	<u>\$ 3,518,035</u>	<u>\$ 1,985,667</u>

The interest income from investments to be held in perpetuity is available to support current operations, as outlined in the policies of the endowment fund.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

**NOTE B — NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished for the following purposes:		
Rocket Community Fund:		
Equipment and program	\$ 228,250	\$ -0-
United Way for Southeastern Michigan:		
Dick & Sandy Dauch Campus	100,000	-0-
Pontiac Youth Recreation Center	95,852	104,148
NBA Foundation	150,000	-0-
Detroit Pistons	100,000	-0-
Matilda R. Wilson Fund	75,000	75,000
Dauch Family Foundation	50,000	-0-
The Children's Foundation and Detroit Red Wings	36,883	-0-
Blevins Charitable Fund	36,514	-0-
Kohl's	30,000	-0-
Bank of America	25,000	25,000
Jack and Jill of America Foundation	5,000	5,000
Nicholas A. Showich Fund	3,000	-0-
Ally Bank	2,133	-0-
James McLernon Scholarship Fund	1,500	500
Dick & Sandy Dauch Campus	-0-	50,000
Skillman Club 215 at Dauch Site	-0-	50,000
Kosch Fund for Kitchen and Food	-0-	50,000
RiteAid Triple Play program	-0-	30,000
Allstate Youth for Unity program	-0-	25,000
FCA Wilson Club	-0-	20,000
Dexter Family Scholarship Fund	-0-	1,000
	<u>939,132</u>	<u>435,648</u>
Time restrictions accomplished by passage of specified time	<u>-0-</u>	<u>80,406</u>
	<u><b>\$ 939,132</b></u>	<u><b>\$ 516,054</b></u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021 and 2020**

**NOTE C — CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following unconditional promises to give as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 2,930,264	\$ 1,771,841
One to five years	<u>450,000</u>	<u>230,000</u>
	3,380,264	2,001,841
Less:		
Unamortized discount (at 3.25 percent)	<u>(32,266)</u>	<u>(22,925)</u>
	<u><b>\$ 3,347,998</b></u>	<u><b>\$ 1,978,916</b></u>

Changes in the contributions receivable balance include cash collections, pledges paid off early, interest recognized for the year, and changes in pledge due dates.

**NOTE D — CONDITIONAL PROMISES TO RECEIVE**

B&GCSM periodically obtains conditional promises to receive from various foundations. These promises to receive are contingent upon meeting certain conditions stipulated by the donors. Conditional promises to receive are recognized when the conditions on which they depend are substantially met. B&GCSM has a conditional promise to receive from a foundation as of December 31, 2021 for which payment is dependent on the following conditions:

Redesign and redevelopment of Dauch location outdoor space:	
50 percent of construction completed	\$ 25,000
100 percent of construction completed	25,000
Installation of donor brand recognition in outdoor space and pre-set publicly accessible program schedule	<u>25,000</u>
	<u><b>\$ 75,000</b></u>

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021 and 2020**

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**NOTE E — ENDOWMENT FUND**

B&GCSM has established an endowment fund that includes both funds with donor restrictions and funds designated by B&GCSM's Board of Directors to function as endowments. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Contributions to the endowment fund with donor restrictions include stipulations that the original principal of the gifts is to be held in perpetuity and invested by B&GCSM. Income from the fund is to be used to support ongoing operations.

B&GCSM's policy is to allocate funds from the endowment fund to defray the ordinary and necessary operating expenses of B&GCSM on an annual basis. The allocation is limited to a maximum of seven percent of the fair value of the total assets held in the endowment fund as of September 30 and paid out by December 31 each year.

The endowment fund balance is reflected in the accompanying financial statements as of December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
Board-designated	\$ 688,446	\$ 449,010
With donor restrictions	<u>1,033,359</u>	<u>1,033,359</u>
	<u><b>\$ 1,721,805</b></u>	<u><b>\$ 1,482,369</b></u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021 and 2020**

**NOTE E — ENDOWMENT FUND (CONTINUED)**

Reconciliations of the fair value of endowment fund assets for the years ended December 31, 2021 and 2020 are as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>2021</b>			
<b>Changes in Endowment Fund Assets:</b>			
Net realized and unrealized gain	\$ 280,282	\$ -0-	\$ 280,282
Interest and dividend income	29,649		29,649
Less:			
Transfers to general operations	(50,591)		(50,591)
Administrative expenses	<u>(19,904)</u>		<u>(19,904)</u>
<b>Change in Endowment Fund Assets</b>	<b>239,436</b>	<b>-0-</b>	<b>239,436</b>
Endowment Fund Assets, Beginning of Year	<u>449,010</u>	<u>1,033,359</u>	<u>1,482,369</u>
<b>Endowment Fund Assets, End of Year</b>	<b><u>\$ 688,446</u></b>	<b><u>\$ 1,033,359</u></b>	<b><u>\$ 1,721,805</u></b>
<b>2020</b>			
<b>Changes in Endowment Fund Assets:</b>			
Net realized and unrealized gain	\$ 134,127	\$ -0-	\$ 134,127
Interest and dividend income	23,599		23,599
Transfers from general operations	50,086		50,086
Less: Administrative expenses	<u>(17,182)</u>		<u>(17,182)</u>
<b>Change in Endowment Fund Assets</b>	<b>190,630</b>	<b>-0-</b>	<b>190,630</b>
Endowment Fund Assets, Beginning of Year	<u>258,380</u>	<u>1,033,359</u>	<u>1,291,739</u>
<b>Endowment Fund Assets, End of Year</b>	<b><u>\$ 449,010</u></b>	<b><u>\$ 1,033,359</u></b>	<b><u>\$ 1,482,369</u></b>

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

**NOTE F — INVESTMENTS AND FAIR VALUE**

B&GCSM's policy is to maintain a moderately conservative but balanced portfolio, with the primary investment objectives being the preservation of purchasing power and the preservation of capital. The investment portfolio is structured and maintained with the overall objective of providing the resources and liquidity for B&GCSM to fulfill its mission.

B&GCSM's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021 and 2020 is summarized as follows:

	<u>Fair Value Measurements</u>		
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Total</u>
<b>2021</b>			
<b>Assets:</b>			
Investments at fair value:			
Short-term investments	\$ 70,242	\$ -0-	\$ 70,242
Common stocks	1,119,013		1,119,013
Foreign stocks	63,462		63,462
Corporate bonds	481		481
Registered investment companies:			
Equity fund	101,712		101,712
Fixed income fund	283,721		283,721
U.S. government and agency notes and bonds	89,820		89,820
Other		30	30
	<u>\$ 1,728,451</u>	<u>\$ 30</u>	<u>\$ 1,728,481</u>

BOYS & GIRLS CLUBS OF SOUTHEASTERN MICHIGAN  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

**NOTE F — INVESTMENTS AND FAIR VALUE (CONTINUED)**

	<u>Fair Value Measurements</u>		
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Total</u>
<b>2020</b>			
<b>Assets:</b>			
Investments at fair value:			
Short-term investments	\$ 214,746	\$ -0-	\$ 214,746
Common stocks	904,176		904,176
Foreign stocks	26,129		26,129
Corporate bonds	1,100		1,100
Registered investment companies:			
Equity fund	96,671		96,671
Fixed income fund	164,827		164,827
U.S. government and agency notes and bonds	96,928		96,928
Other		48	48
	<u>\$ 1,504,577</u>	<u>\$ 48</u>	<u>\$ 1,504,625</u>

B&GCSM did not have any assets classified in Level 3 of the fair value hierarchy as of December 31, 2021 or 2020.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021 and 2020**

**NOTE G — FIXED ASSETS**

Fixed assets as of December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 149,640	\$ 140,000
Buildings	6,668,105	7,144,475
Building improvements	4,489,739	4,208,302
Equipment and software	1,976,622	2,095,600
Construction in progress	48,888	174,738
	<u>13,332,994</u>	<u>13,763,115</u>
Less: Accumulated depreciation	<u>(7,325,745)</u>	<u>(8,318,653)</u>
	<u><u>\$ 6,007,249</u></u>	<u><u>\$ 5,444,462</u></u>

**NOTE H — NOTE PAYABLE**

B&GCSM acquired a lighting system in 2018 under a note payable. The monthly payment is \$2,879 for 48 months, including interest at 3.023 percent per annum. The future schedule of annual maturities of this note payable as of December 31, 2021 is as follows:

For the year ending December 31, 2022	<u><u>\$ 14,284</u></u>
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**NOTE I — LINE OF CREDIT**

B&GCSM obtained a \$250,000 line of credit with a bank on October 7, 2020. Interest is payable monthly at 3.5 percent per annum, starting November 7, 2020. This line of credit is secured by the assets of B&GCSM. B&GCSM made one draw of \$250,000 on the line of credit during the year ended December 31, 2021 and repaid the entire balance prior to December 31, 2021. Interest expense incurred on the line of credit totaled \$2,363 for the year ended December 31, 2021. No balance is outstanding on this line of credit as of December 31, 2021 or 2020.

The line of credit was renewed and was increased to \$750,000, effective April 8, 2022.



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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

**NOTE J — IN-KIND CONTRIBUTIONS**

B&GCSM receives substantial amounts of in-kind contributions to help fund its operations and special events. These donations include use of facilities, advertising, promotional services, salaries and benefits, materials, and other items. The value of these items was \$1,364,283 and \$200,148 for the years ended December 31, 2021 and 2020, respectively. In-kind contributions of services are recognized in the financial statements if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The estimated fair value of these services, materials, and facilities is reflected in the accompanying financial statements.

**NOTE K — SPECIAL AND OTHER FUND RAISING EVENTS**

Revenue and direct expenses related to special and other fund raising events for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Special Events</u>	<u>Other Fund Raising Events</u>	<u>Special Events</u>	<u>Other Fund Raising Events</u>
Gross revenue	\$ 663,101	\$ 5,163	\$ 132,844	\$ 70,015
Less: Direct expenses	<u>(232,797)</u>	<u>(250)</u>	<u>(46,286)</u>	<u>-0-</u>
	<u><b>\$ 430,304</b></u>	<u><b>\$ 4,913</b></u>	<u><b>\$ 86,558</b></u>	<u><b>\$ 70,015</b></u>

**NOTE L — PENSION PLAN**

B&GCSM participates in a national pension trust program with Boys & Girls Clubs of America that is recognized as a multiple-employer defined contribution pension plan. B&GCSM makes a matching contribution of five percent of eligible compensation for its employees. Pension expense was \$70,383 and \$82,629 for the years ended December 31, 2021 and 2020, respectively. The accrued pension balance was \$97,398 and \$80,556 as of December 31, 2021 and 2020, respectively.

**NOTE M — LEASES**

B&GCSM leases equipment in southeastern Michigan under operating lease agreements expiring at various times. B&GCSM also has a lease for the property at the Dick & Sandy Dauch Campus, home of the NFL/Youth Education Town – Boys & Girls Club. The lease is \$1 annually for 75 years. This lease has been paid in full through 2082.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

**NOTE M — LEASES (CONTINUED)**

Future minimum lease payments are as follows:

<b>For the Years Ending December 31:</b>	
2022	\$ 10,181
2023	7,710
2024	<u>1,701</u>
<b>Total Minimum Lease Payments</b>	<b><u>\$ 19,592</u></b>

Rental expense under operating leases was \$14,464 and \$6,766 for the years ended December 31, 2021 and 2020, respectively.

**NOTE N — RELATED-PARTY TRANSACTIONS**

B&GCSM had transactions with related parties during the years ended December 31, 2021 and 2020 as follows:

- B&GCSM's Board of Directors includes officers of the lessor from whom B&GCSM leases office space. Office lease expense under this arrangement has been recognized in the statements of activities as in-kind donations of the use of facilities.
- A key member of B&GCSM's management serves on the Board of Directors for a website and social media development company with whom B&GCSM contracts for services.
- Family members of B&GCSM's management provide services to B&GCSM.
- A family member of B&GCSM's management owns a security company with whom B&GCSM contracts for services.

Expenses incurred in these related-party transactions during the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Office lease	\$ 78,052	\$ 78,052
Website and social media development company	342,735	249,252
Services provided by family members	23,623	-0-
Security company	25,725	-0-

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2021 and 2020

**NOTE O — LIQUIDITY AND AVAILABILITY OF RESOURCES**

B&GCSM has the following financial assets available for general expenditures within one year as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>Financial Assets:</b>		
Cash and cash equivalents	\$ 444,353	\$ 1,239,910
Contributions receivable – current portion	2,930,264	1,771,841
Investments	1,728,481	1,504,625
Accrued interest receivable	1,830	2,243
	<u>5,104,928</u>	<u>4,518,619</u>
<b>Total Financial Assets</b>		
Less:		
Assets with donor restrictions for specific purposes	<u>(3,518,035)</u>	<u>(1,985,667)</u>
	<u>\$ 1,586,893</u>	<u>\$ 2,532,952</u>
<b>Financial Assets Available to Meet General Expenditures within One Year</b>		

B&GCSM has certain donor-restricted assets that are to be used for specific purposes or maintained in perpetuity. Therefore, these assets are not considered to be available for general expenditures within the next year. B&GCSM has a policy to manage its liquidity following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**NOTE P — CONTINGENCIES**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021 and 2020**

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**NOTE P — CONTINGENCIES (CONTINUED)**

The full impact of the COVID-19 outbreak continues to evolve as of the date that the accompanying financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on B&GCSM's financial condition, liquidity, and future results of operations. B&GCSM's operations are dependent on private and public donations from individuals, foundations, and corporations, as well as grants and contracts from federal, state, and local governments. The COVID-19 outbreak may have a continued impact on economic and market conditions.

As of the date of issuance of the financial statements, B&GCSM's operations have not been significantly impacted, but B&GCSM's management continues to monitor the situation.

**NOTE Q — NEW ACCOUNTING PRONOUNCEMENTS**

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, in February 2016. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases: finance leases, which are to be accounted for in substantially the same manner as the existing accounting for capital leases, and operating leases, which are to be accounted for (both in the statement of activities and the statement of cash flows) in a manner consistent with existing accounting for operating leases. ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 applies to B&GCSM's financial statements for the year ending December 31, 2022, with earlier implementation permitted. B&GCSM's management has not determined the impact on B&GCSM's financial statements as a result of implementing ASU 2016-02.

The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in September 2020. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash and other financial assets in the statement of activities. This ASU also requires expanded disclosures regarding the types, uses, policies, valuation techniques, and donor restrictions related to contributed nonfinancial assets. ASU 2020-07 applies to B&GCSM's financial statements for the year ending December 31, 2022, with earlier implementation permitted, and is to be applied retrospectively. B&GCSM's management has not determined the impact on B&GCSM's financial statements as a result of implementing ASU 2020-07.