

BOYS & GIRLS CLUBS OF METROWEST, INC.

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019



O'Connor Maloney
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

July 21, 2021

The Board of Directors
Boys & Girls Clubs of Metrowest, Inc.

We have audited the accompanying financial statements of Boys & Girls Clubs of Metrowest, Inc., 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Metrowest, Inc. as of December 31, 2020 and 2019, 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.

O'Connor, Maloney and Company

Certified Public Accountant

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

Current	2020	2019
Cash and Cash Equivalents	480,699	127,502
Accounts Receivable, Net	82,574	72,709
Grants Receivable	249,846	195,019
Prepaid Expenses	6,600	18,867
Investments	758,310	681,376
	<u>1,578,029</u>	<u>1,095,473</u>
Property, Plant and Equipment, Net	<u>1,722,072</u>	<u>1,542,250</u>
Other Assets		
Security Deposits	10,000	10,000
Gift Cards	9,389	4,739
	<u>19,389</u>	<u>14,739</u>
Total Assets	<u><u>3,319,490</u></u>	<u><u>2,652,462</u></u>

LIABILITIES AND NET ASSETS

Current		
Current Portion of Long-Term Debt	227,415	39,920
Accounts Payable	80,777	117,820
Accrued Expenses	58,980	50,452
	<u>367,172</u>	<u>208,192</u>
Long-Term Debt, Net	<u>586,324</u>	<u>442,437</u>
Total Liabilities	<u>953,496</u>	<u>650,629</u>
Net Assets		
Without Donor Restrictions		
Undesignated	1,419,751	986,492
Board Designated	560,514	497,436
	<u>1,980,265</u>	<u>1,483,928</u>
Total	1,980,265	1,483,928
With Donor Restrictions	<u>385,729</u>	<u>517,905</u>
Total	<u>2,365,994</u>	<u>2,001,833</u>
Total Liabilities and Net Assets	<u><u>3,319,490</u></u>	<u><u>2,652,462</u></u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019	
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Program Revenue	902,623	1,302,215	1,302,215
Grants	109,113	113,479	850,553
Special Events, Net	117,367	112,527	112,527
Contributions	171,486	113,902	161,949
Capital Campaign		48,047	106,000
Other Income	7,438	106,000	30,809
Unrealized Gain on Investments	76,934	25,000	101,225
Recovery of Bad Debt	525	-	-
Rental Income	56,906	74,781	74,781
Investment Income	13,610	15,566	15,566
In-Kind Contributions		7,500	7,500
Net Assets Released from Restrictions	1,885,404	(1,044,657)	-
Total Support and Revenue	<u>3,341,406</u>	<u>(128,536)</u>	<u>2,763,125</u>
Expenses			
Program Services	2,350,806	2,308,268	2,308,268
General and Administrative	298,761	268,286	268,286
Fundraising	195,502	173,056	173,056
Total Expenses	<u>2,845,069</u>	<u>2,749,610</u>	<u>2,749,610</u>
Change in Net Assets	496,337	(142,051)	13,515
Net Assets, Beginning	<u>1,483,928</u>	<u>646,441</u>	<u>1,988,318</u>
Net Assets, Ending	<u>1,980,265</u>	<u>517,905</u>	<u>2,001,833</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	General Administration	Fundraising	Total Expenses
Expenses				
Salaries and Related Costs	1,329,715	204,572	170,476	1,704,763
Health and Retirement Benefits	84,967	13,072	10,893	108,932
Payroll Taxes	102,046	15,699	13,083	130,828
Transportation	79,275	-	-	79,275
Occupancy	200,206	22,245	-	222,451
Utilities	111,902	12,433	-	124,335
Repair and Maintenance	69,567	7,730	-	77,297
Program Expense	85,478	-	-	85,478
Interest Expense	21,079	2,342	-	23,421
Dues and Licensing	30,932	3,437	-	34,369
General Insurance	21,934	2,437	-	24,371
Professional Fees	45,182	5,020	-	50,202
Supplies	14,313	1,590	-	15,903
Bank and Credit Card Fees	18,894	1,050	1,050	20,994
Training and Professional Development	3,833	426	-	4,259
Marketing Expense	8,135	-	-	8,135
Other Expense	1,303	-	-	1,303
Postage Expense	3,970	441	-	4,411
Travel	993	111	-	1,104
Scholarships	116	-	-	116
Total Expenses Before Depreciation	2,233,840	292,605	195,502	2,721,947
Depreciation	116,966	6,156	-	123,122
Total	2,350,806	298,761	195,502	2,845,069

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

Expenses	Program Services	General Administration	Fundraising	Total Expenses
Salaries and Related Costs	1,155,583	177,782	148,152	1,481,517
Health and Retirement Benefits	93,195	14,338	11,948	119,481
Payroll Taxes	92,366	14,210	11,842	118,418
Transportation	234,013	-	-	234,013
Occupancy	171,869	19,097	-	190,966
Utilities	109,811	12,201	-	122,012
Repair and Maintenance	71,308	7,923	-	79,231
Program Expense	90,807	-	-	90,807
Interest Expense	24,930	2,770	-	27,700
Dues and Licensing	23,500	2,611	-	26,111
General Insurance	24,092	2,677	-	26,769
Professional Fees	39,183	4,354	-	43,537
Supplies	17,112	1,901	-	19,013
Bank and Credit Card Fees	20,051	1,114	1,114	22,279
Training and Professional Development	10,531	1,170	-	11,701
Bad Debts	482	54	-	536
Marketing Expense	8,381	-	-	8,381
Other Expense	797	-	-	797
Postage Expense	2,793	310	-	3,103
Travel	3,254	363	-	3,617
Scholarships	11,400	-	-	11,400
Total Expenses Before Depreciation	2,205,458	262,875	173,056	2,641,389
Depreciation	102,810	5,411	-	108,221
Total	2,308,268	268,286	173,056	2,749,610

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	<u>364,161</u>	<u>13,515</u>
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	123,122	108,221
Net Realized and Unrealized Gain on Investments	(76,934)	(101,225)
Contributions of Property, Plant and Equipment	-	(3,000)
Increase in Accounts Receivable	(9,865)	(27,106)
(Increase) Decrease in Grants Receivable	(54,827)	211,158
(Increase) Decrease in Prepaid Expenses	12,267	(10,367)
Increase in Gift Cards	(4,650)	(419)
Decrease in Accounts Payable	(37,043)	(97,393)
Increase in Accrued Expenses	<u>8,528</u>	<u>25,162</u>
Total Adjustments	<u>(39,402)</u>	<u>105,031</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>324,759</u>	<u>118,546</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	-	150,000
Capital Expenditures	<u>(302,944)</u>	<u>(138,130)</u>
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	<u>(302,944)</u>	<u>11,870</u>
Cash Flows from Financing Activities		
Net Repayment of Line of Credit	-	(70,000)
Payments on Long-Term Debt	(39,118)	(37,294)
Net Borrowings of Long-Term Debt	<u>370,500</u>	<u>-</u>
Net Cash and Cash Equivalents Provided by (Used in) Financing Activities	<u>331,382</u>	<u>(107,294)</u>
Net Increase in Cash and Cash Equivalents	353,197	23,122
Cash and Cash Equivalents, Beginning	<u>127,502</u>	<u>104,380</u>
Cash and Cash Equivalents, Ending	<u><u>480,699</u></u>	<u><u>127,502</u></u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1. Organization

Boys & Girls Clubs of Metrowest, Inc. (the Organization), is a not-for-profit organization whose mission is to utilize community resources to provide educational, physical, and cultural programming to enhance the development of youth. The Organization was incorporated on January 1, 2000, the result of a merger between three not-for-profit entities: Boys & Girls Clubs of Greater Marlborough, Hudson Youth Center, Inc., and Boys & Girls Clubs of Hudson, Inc.

Note 2. Summary of Significant Accounting Policies

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

Revenue and the related costs are recorded by the Organization when evidence of an arrangement exists, services have been rendered, the fee is fixed or determinable, and the collection of resulting receivables is reasonably assured.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" ("Topic 606"), which outlines a five-step model for recognizing revenue and supersedes most existing revenue recognition guidance. Topic 606 is effective for nonpublic entities for annual periods beginning after December 15, 2018, with early adoption permitted for annual period beginning after December 15, 2016. The core principle of Topic 606 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. The three permitted transition methods under the new standard are the full retrospective method, retrospective with certain practical expedients and a cumulative effect approach. Under the cumulative effect alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. GAAP at the date of initial application and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. That is, prior years would not be restated, and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. GAAP.

The guidance was adopted effective January 1, 2019 and was applied to all contracts on a cumulative effect approach.

The Organization has analyzed the impact of the standard based on a review of its accounting policies and practices in relation to the five-step model to ensure proper assessment of operating results under Topic 606. The analysis of the Organization's processes under Topic 606 supports the recognition of revenue over time as clients simultaneously receive and consume benefits of the services provided.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2. Summary of Significant Accounting Policies (cont.)

In adopting Topic 606, the Organization elected the practical expedients related to immaterial contract acquisition costs and insignificant financing components of the transaction price.

The adoption of Topic 606 on January 1, 2019 had no material impact on the Organization's statement of financial position as of December 31, 2019 and statement of activities for the year ended December 31, 2019.

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

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time.

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

At December 31, 2020 and 2019, net assets with donor restrictions are restricted for teen outreach-recreations, child development, physical education activities, capital campaign and scholarships.

Contributions of cash and other assets are reported as net assets 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents include cash on-hand and highly liquid investments with maturities of three months or less that is readily convertible to cash.

Account's receivables are stated net of an allowance for doubtful accounts in the amount of \$6,962 at both December 31, 2020, and 2019.

Board designated funds may be used for unusual and unforeseen operating and capital needs as recommended by the Finance Committee and subsequently approved by a majority vote of the Board of Directors.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2. Summary of Significant Accounting Policies (cont.)

Contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restriction depending upon the existence and nature of any donor restrictions. Contributions may include actual gifts or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value on the date of the gift. Restricted gifts or promises to give are required to be reported as restricted support in the period received and are then reclassified to net assets without donor restrictions upon satisfaction of the donor restriction. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

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 support and revenues and expenses. Actual results could vary from the estimates that were used.

Investments are stated at fair market value, and, accordingly, realized and unrealized gains or losses are recognized in the period in which the fluctuations occur. Purchased investments are initially recorded at cost as of the trade date and donated investments at fair value at the date of receipt.

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property, Plant and Equipment are stated at cost, or in the case of donated property, at fair value at the date of gift, and depreciated on the straight-line method over the estimated useful lives of the assets. The Organization capitalizes assets over \$2,500 with an estimated useful life of more than one year.

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is required. Donors may deduct contributions made to the Organization within the Internal Revenue Code regulations. Management does not believe the Organization's financial statements contain any uncertain tax positions. Generally, the Organization's tax returns are subject to examination for a period of three years.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3. Grants Receivable

Grants Receivable consist of unconditional promises scheduled to be received in less than one year.

Note 4. Investments

Investments are recorded at fair value determined from quoted market prices. Unrealized gains and losses are allocated to net assets without donor restrictions. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. U.S. generally accepted accounting principles establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in the markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Organization held no Level 2 investments at December 31, 2020 and 2019.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The Organization held no Level 3 investments at December 31, 2020 and 2019.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 4. Investments (cont.)

All the Organization's investments are categorized as Level 1 under the above hierarchy.

The following is a summary of cost and fair values of investments at December 31, 2020:

	Cost	Fair Value
Level 1		
Mutual Funds	<u>590,842</u>	<u>758,310</u>

The following is a summary of cost and fair values of investments at December 31, 2019:

	Cost	Fair Value
Level 1		
Mutual Funds	<u>590,842</u>	<u>681,376</u>

The following is a summary of the components of investment return:

	2020	2019
Interest and Dividends	13,610	15,566
Unrealized Gain (Loss) on Investments	<u>76,934</u>	<u>101,225</u>
Total	<u>90,544</u>	<u>116,791</u>

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 5. Property, Plant and Equipment

	2020	2019
Property, Plant and Equipment consists of:		
Land	267,398	267,398
Buildings	1,635,264	1,635,264
Leasehold Improvements	1,447,959	1,145,016
Equipment and Furniture	629,969	629,969
Software	148,814	148,814
Vehicles	94,218	94,218
	<hr/>	<hr/>
Total	4,223,622	3,920,679
Less: Accumulated Depreciation	2,501,550	2,378,429
	<hr/>	<hr/>
Net	1,722,072	1,542,250
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Note 6. Retirement Plan

The Organization maintains a defined contribution plan as an affiliate of the Boys & Girls Club of America Pension Plan to provide retirement benefits to eligible employees. The Organization makes matching contributions of 5% of employee compensation each year and has a six-year vesting schedule. The Organization's matching contributions totaled \$37,375 and \$37,229 for 2020 and 2019, respectively.

Note 7. Line of Credit

The Organization can borrow under a line of credit agreement of up to \$150,000 which would be due on demand. Interest is payable monthly at the Wall Street Journal Prime plus .25% (3.5% at December 31, 2020). The line is secured by the investments of the Organization amounting to \$280,518 and \$249,127 at December 31, 2020 and 2019, respectively.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 8. Long-Term Debt

	2020	2018
Long-Term Debt consists of:		
1% Paycheck Protection Program Loan guaranteed by the Small Business Administration deferred until October 2020, then due in 24 monthly installments of \$15,664, including interest, to October 2022 (See Note 13).	370,500	-
\$1,150,000 mortgage payable to a bank, due in monthly installments of \$5,176, including interest at 4.75%, through October 2029. The note is secured by real estate.	446,105	485,657
	<u>816,605</u>	<u>485,657</u>
Less: Unamortized Debt Issuance Cost	2,866	3,300
	<u>813,739</u>	<u>482,357</u>
Less: Current Portion	227,415	39,920
Net	<u><u>586,324</u></u>	<u><u>442,437</u></u>

Following are maturities of long-term debt for each of the next five years and thereafter:

2021	227,415
2022	228,834
2023	46,021
2024	48,256
2025	50,598
Thereafter	212,615
Total	<u><u>813,739</u></u>

Interest paid on all obligations totaled \$23,421 and \$27,700 in 2020 and 2019, respectively.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 9. Net Assets With Donor Restrictions

At December 31, net assets with donor restrictions were available for the following:

	2020	2019
Teen Outreach-Recreation, Child Development and Physical Education Activities	128,759	257,905
Equipment	5,000	-
Certain Occupancy Costs	3,000	-
Capital Campaign and Scholarship	148,970	160,000
Permanently Restricted – Reardon Trust	100,000	100,000
	<u>385,729</u>	<u>517,905</u>
Total	<u><u>385,729</u></u>	<u><u>517,905</u></u>

Note 10. Net Assets Released from Restrictions

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors as follows:

	2020	2019
Purpose of restriction accomplished:		
Capital Expenditures	135,898	132,400
Satisfaction of Time Restrictions:		
Grants Receivable	1,749,506	912,257
	<u>1,885,404</u>	<u>1,044,657</u>
Total	<u><u>1,885,404</u></u>	<u><u>1,044,657</u></u>

Note 11. Related Party Transactions

A member of the Board of Directors provided legal services at no charge to the Organization, with a value of \$4,500 in 2019 (\$0 in 2020). These services were recorded as In-kind contributions and expenses as of December 31, 2019.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 12. Operating Leases

The Organization leases its Framingham location under a noncancelable operating lease that originally expired in June 2020, but has been extended through June 2023. The lease calls for minimum monthly lease payments of \$5,500 per month through June 30, 2019, \$6,000 per month from July 1, 2019 through December 31, 2019, \$6,800 per month from January 1, 2020 through June 30, 2020, \$7,000 per month from July 1, 2020 through June 30, 2021, \$7,100 per month from July 1, 2021 through June 30, 2022 and \$7,275 from July 1, 2022 through June 30, 2023.

The Organization also leases office equipment under a noncancelable operating lease that expires in December 2021.

The following is a schedule of minimum future lease payments required under the leases for each of the next four years:

Year Ending December 31:

2021	233,942
2022	221,135
2023	181,907
2024	<u>69,981</u>
Total	<u><u>706,965</u></u>

Rent expense under noncancellable operating leases totaled \$174,410 and \$137,896 in 2020 and 2019, respectively.

Note 13. Commitments and Contingencies

In March 2020, local, U.S. and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management expects this matter may have a material financial impact on the Organization's financial position and results of future operations, such potential impact cannot be reasonably.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 13. Commitments and Contingencies (cont.)

In an effort to reduce the negative economic impact of the global pandemic (COVID-19), the United States Government provided economic stimulus under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Part of the CARES Act includes a forgivable loan program administered by the Small Business Administration (SBA) called the Paycheck Protection Program (PPP). The Organization received \$370,500 on April 14, 2020, the Organization had twenty-four weeks to use at least sixty percent of the funds for payroll costs and the remainder for other qualified expenses. The Organization used the funds for the aforementioned criteria and they applied for and received forgiveness in January 2021 for the full amount of the loan. Qualified disbursements may be subject to audit by the SBA.

Note 14. Concentration

The Organization has financial instruments, consisting primarily of cash, which potentially expose the Organization to concentrations of credit and market risk. Cash is held at local banks. The Organization has not experienced any losses on its cash. In the ordinary course of business, the Organization has, at various times, cash deposits with a bank which are in excess of federally insured limits.

Note 15. Operating Liquidity

Financial assets available for use by the Organization within one year from the statement of financial position date are as follows:

	2020	2019
Cash	480,699	127,502
Receivables	332,420	267,728
Investments	758,310	681,376
	<u>1,571,429</u>	<u>1,076,606</u>
Liquidity Reserves:		
Line of Credit	<u>150,000</u>	<u>150,000</u>
Donor Imposed Restrictions	(385,729)	(517,905)
Board Designated Investments	<u>(560,514)</u>	<u>(497,436)</u>
	<u>(946,243)</u>	<u>(1,015,341)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>775,186</u></u>	<u><u>211,265</u></u>

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 16. Subsequent Events

The Organization has evaluated all material subsequent events from the end of the fiscal year through July 21, 2021, the date the financial statements were available to be issued.

On January 21, 2021, the Organization received forgiveness in the full amount of \$370,500 of the Paycheck Protection Program Loan.

On January 22, 2021, the Organization has been approved for a \$304,023, second draw PPP loan.

On June 18, 2021, the Organization extended a lease agreement through June 30, 2023. Monthly lease payments are \$7,100 per month from July 1, 2021 through June 30, 2022 and \$7,275 from July 1, 2022 through June 30, 2023.