The Boys & Girls Club of Hartford, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2020 and 2019

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The Boys & Girls Club of Hartford, Inc.

Index

Independent Auditor's Report

To the Board of Directors
The Boys & Girls Club of Hartford, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Boys & Girls Club of Hartford, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Boys & Girls Club of Hartford, Inc. as of June 30, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 30, 2020, on our consideration of The Boys & Girls Club of Hartford, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Boys & Girls Club of Hartford, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Boys & Girls Club of Hartford, Inc.'s internal control over financial reporting and compliance.

CohnReznick LLP

Hartford, Connecticut
December 30, 2020

The Boys & Girls Club of Hartford, Inc.

Statements of Financial Position
June 30, 2020 and 2019

Assets

	2020	2019
Current assets		
Cash and cash equivalents	$ 7,636,207	$ 3,082,879
Current portion of pledges receivable, net	1,881,812	1,465,490
Grants and other receivables	1,706,142	450,927
Prepaid expenses	26,850	5,500
Total current assets	11,251,011	5,004,796
Contribution receivable - land use, net	213,654	-
Pledges receivable, net	2,641,503	3,098,156
Investments	6,275,617	6,423,436
Assets held in trust	8,893,014	9,152,407
Property and equipment, net	4,913,094	3,647,353
Total assets	$ 34,187,893	$ 27,326,148

Liabilities and Net Assets

	2020	2019
Current liabilities		
Accounts payable and accrued liabilities	$ 1,168,173	$ 231,983
Refundable advance - PPP	498,248	-
Deferred revenue	-	59,222
Total current liabilities	1,666,421	291,205
Total liabilities	1,666,421	291,205
Commitments		
Net assets		
Without donor restrictions	17,138,196	12,269,386
With donor restrictions		
Time or purpose	6,099,160	5,222,048
In perpetuity	9,284,116	9,543,509
Total net assets with donor restrictions	15,383,276	14,765,557
Total net assets	32,521,472	27,034,943
Total liabilities and net assets	$ 34,187,893	$ 27,326,148

See Notes to Financial Statements.

The Boys & Girls Club of Hartford, Inc.

Statement of Activities
June 30, 2020
(With Comparative Totals for 2019)

	Without donor restrictions	With donor restrictions: Time or purpose	With donor restrictions: In perpetuity	2020 Total	2019 Total
Revenue					
Contributions	$ 1,002,352	$ 1,506,541	$ -	$ 2,508,893	$ 1,704,726
Grants and contracts	617,949	-	-	617,949	453,556
Legacies	443,963	-	-	443,963	471,017
United Way support	16,341	177,812	-	194,153	183,048
Special events	517,476	-	-	517,476	759,433
Investment return utilized for operations	281,791	27,930	-	309,721	309,732
Program fees	482,813	-	-	482,813	589,563
Other revenue	21,475	-	-	21,475	40,805
Net assets released from restrictions	992,504	(992,504)	-	-	-
Total revenue	4,376,664	719,779	-	5,096,443	4,511,880
Functional expenses					
Program services	3,033,844	-	-	3,033,844	3,167,951
Management and general	752,101	-	-	752,101	663,043
Fundraising	527,566	-	-	527,566	560,501
Total functional expenses	4,313,511	-	-	4,313,511	4,391,495
Changes in net assets before nonoperating activities	63,153	719,779	-	782,932	120,385
Nonoperating activities					
Capital campaign contributions, net	633,590	3,238,740	-	3,872,330	4,088,133
Capital grant	1,708,957	-	-	1,708,957	-
Contribution of land use	-	213,654	-	213,654	-
Capital campaign expenditures	(259,379)	-	-	(259,379)	(221,066)
Investment return, net	146,590	11,940	-	158,530	344,461
Investment return utilized for operations	(281,791)	(27,930)	-	(309,721)	(309,732)
Depreciation	(421,381)	-	-	(421,381)	(442,141)
Change in value of assets held in trust	-	-	(259,393)	(259,393)	(89,757)
Net assets released from restrictions					
Capital campaign	3,279,071	(3,279,071)	-	-	-
Total nonoperating activities	4,805,657	157,333	(259,393)	4,703,597	3,369,898
Changes in net assets	4,868,810	877,112	(259,393)	5,486,529	3,490,283
Net assets, beginning	12,269,386	5,222,048	9,543,509	27,034,943	23,544,660
Net assets, ending	$ 17,138,196	$ 6,099,160	$ 9,284,116	$ 32,521,472	$ 27,034,943

See Notes to Financial Statements.

The Boys & Girls Club of Hartford, Inc.

Statement of Activities
Year Ended June 30, 2019

	Without donor restrictions	With donor restrictions: Time or purpose	With donor restrictions: In perpetuity	Total
Revenue				
Contributions	$ 946,378	$ 758,348	$ -	$ 1,704,726
Grants and contracts	453,556	-	-	453,556
Legacies	471,017	-	-	471,017
United Way support	18,048	165,000	-	183,048
Special events	759,433	-	-	759,433
Investment return utilized for operations	281,499	28,233	-	309,732
Program fees	589,563	-	-	589,563
Other revenue	40,805	-	-	40,805
Net assets released from restrictions	1,053,641	(1,053,641)	-	-
Total revenue	4,613,940	(102,060)	-	4,511,880
Functional expenses				
Program services	3,167,951	-	-	3,167,951
Management and general	663,043	-	-	663,043
Fundraising	560,501	-	-	560,501
Total functional expenses	4,391,495	-	-	4,391,495
Changes in net assets before nonoperating activities	222,445	(102,060)	-	120,385
Nonoperating activities				
Capital campaign contributions, net	74,286	4,013,847	-	4,088,133
Capital campaign expenditures	(221,066)	-	-	(221,066)
Investment return, net	315,007	29,454	-	344,461
Investment return utilized for operations	(281,499)	(28,233)	-	(309,732)
Depreciation	(442,141)	-	-	(442,141)
Change in value of assets held in trust	-	-	(89,757)	(89,757)
Net assets released from restrictions				
Capital campaign	1,722,524	(1,722,524)	-	-
Total nonoperating activities	1,167,111	2,292,544	(89,757)	3,369,898
Changes in net assets	1,389,556	2,190,484	(89,757)	3,490,283
Net assets, beginning	10,879,830	3,031,564	9,633,266	23,544,660
Net assets, ending	$ 12,269,386	$ 5,222,048	$ 9,543,509	$ 27,034,943

See Notes to Financial Statements.

The Boys & Girls Club of Hartford, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020
(With Comparative Totals for 2019)

	Program services	Management and general	Fundraising	2020 Total	2019 Total
Salaries and benefits					
Salaries	$ 1,711,392	$ 547,906	$ 326,233	$ 2,585,531	$ 2,400,167
Benefits	260,988	60,838	59,449	381,275	323,336
Payroll taxes	124,763	37,954	23,479	186,196	174,312
Total salaries and benefits	2,097,143	646,698	409,161	3,153,002	2,897,815
Other operating expenses					
Direct program expenses	349,264	-	-	349,264	430,775
Building repair and maintenance	161,225	4,239	1,863	167,327	188,538
Utilities	116,007	2,738	1,417	120,162	130,341
Special events expense	-	118	34,735	34,853	137,614
Insurance	73,641	16,167	2,503	92,311	81,073
Office expense	45,085	13,156	7,575	65,816	88,743
Professional and outside services	52,642	29,715	43,046	125,403	187,896
Dues and fees	43,710	10,478	10,030	64,218	66,502
Occupancy	34,817	-	-	34,817	34,816
Miscellaneous	13,543	5,299	5,316	24,158	45,616
Travel, conferences and training	25,800	21,166	421	47,387	68,196
Telephone	20,661	2,275	1,506	24,442	25,463
Postage	265	52	1,772	2,089	2,624
Printing and publications	41	-	8,221	8,262	5,483
Total expenses before depreciation and capital campaign	3,033,844	752,101	527,566	4,313,511	4,391,495
Capital campaign expenses	-	-	259,379	259,379	221,066
Depreciation	374,561	25,538	21,282	421,381	442,141
Total expenses	$ 3,408,405	$ 777,639	$ 808,227	$ 4,994,271	$ 5,054,702

See Notes to Financial Statements.

The Boys & Girls Club of Hartford, Inc.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program services	Management and general	Fundraising	Total
Salaries and benefits				
Salaries	$ 1,721,284	$ 444,276	$ 234,607	$ 2,400,167
Benefits	226,774	52,193	44,369	323,336
Payroll taxes	126,693	30,520	17,099	174,312
Total salaries and benefits	2,074,751	526,989	296,075	2,897,815
Other operating expenses				
Direct program expenses	430,775	-	-	430,775
Building repair and maintenance	181,559	4,599	2,380	188,538
Utilities	125,902	2,925	1,514	130,341
Special events expense	-	-	137,614	137,614
Insurance	66,996	11,593	2,484	81,073
Office expense	67,627	14,232	6,884	88,743
Professional and outside services	76,885	33,719	77,292	187,896
Dues and fees	47,385	7,732	11,385	66,502
Occupancy	34,816	-	-	34,816
Miscellaneous	9,589	20,734	15,293	45,616
Travel, conferences and training	30,970	36,723	503	68,196
Telephone	20,414	3,323	1,726	25,463
Postage	254	474	1,896	2,624
Printing and publications	28	-	5,455	5,483
Total expenses before depreciation and capital campaign	3,167,951	663,043	560,501	4,391,495
Capital campaign expenses	-	-	221,066	221,066
Depreciation	402,349	26,528	13,264	442,141
Total expenses	$ 3,570,300	$ 689,571	$ 794,831	$ 5,054,702

See Notes to Financial Statements.

The Boys & Girls Club of Hartford, Inc.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 5,486,529	$ 3,490,283
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	421,381	442,141
Net realized and unrealized gains on investments	(46,963)	(234,851)
Bad debt expense	115,276	24,779
Contribution receivable - land use, net	(213,654)	-
Change in value of assets held in trust	259,393	89,757
Proceeds from contributions, nonoperating	(3,279,071)	(1,722,524)
Changes in operating assets and liabilities		
Grants and other receivables	(1,255,215)	(2,377,991)
Prepaid expenses	(21,350)	(3,000)
Pledges receivable	(74,945)	-
Accounts payable and accrued liabilities	28,123	28,581
Refundable advance - PPP	498,248	-
Deferred revenue	(59,222)	(29,847)
Net cash provided by (used in) operating activities	1,858,530	(292,672)
Cash flows from investing activities		
Proceeds from sale of investments	3,655,578	1,219,310
Purchase of investments	(3,460,796)	(1,023,296)
Purchase of property and equipment	(779,055)	(16,923)
Net cash (used in) provided by investing activities	(584,273)	179,091
Cash flows from financing activities		
Proceeds from contributions, nonoperating	3,279,071	1,722,524
Net cash provided by financing activities	3,279,071	1,722,524
Net increase in cash and cash equivalents	4,553,328	1,608,943
Cash and cash equivalents, beginning	3,082,879	1,473,936
Cash and cash equivalents, end	$ 7,636,207	$ 3,082,879
Noncash activity		
Total purchases of property and equipment	$ 1,687,122	$ -
Purchases included in accounts payable and accrued liabilities	908,067	-
Cash paid for property and equipment	$ 779,055	$ -

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization and operations

The Boys & Girls Club of Hartford, Inc. (the "Organization"), affiliated with The Boys & Girls Clubs of America, maintains several facilities in Hartford, Connecticut. The Organization provides programs of academic, cultural and social enrichment, in addition to health and life skills, and physical and recreational activities. Support is received from various sources, including grants, the United Way, private foundations, private charitable organizations and earnings from endowment funds.

Basis of presentation

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

The Organization reports information regarding its financial position and activities according to two classes of net assets: with or without donor restrictions. They are described as follows:

Without donor restrictions - Net assets which are not subject to explicit donor-imposed stipulations, or to those imposed by operation of law. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

With donor restrictions - Net assets whose use by the Organization is subject to explicit donor-imposed stipulations, or to those imposed by operation of law, which can be fulfilled by actions of the Organization pursuant to those stipulations, which expire by the passage of time or that they be maintained in perpetuity. The change in net assets with donor restrictions is impacted primarily by gifts with time and donor constraints, unconditional promises to give and net investment return related to donor-restricted endowment funds.

Newly adopted accounting standards

The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenue. The Organization adopted ASU 2014-09 on July 1, 2019 using the modified retrospective method of transition. The Organization performed an analysis of revenue streams and transactions under ASU 2014-09. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition. The impact of adopting ASU 2014-09 was not material to total revenue without donor restrictions, change in net assets without donor restrictions, or total net assets.

The Organization adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with implementation of ASU 2018-08.

Measure of operations
The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities include all revenues and expenses which are an integral part of the Organization's programs and supporting activities. Nonoperating activities primarily include grants and contributions for capital purposes, investment return in excess of amounts utilized for operations, the change in the value of assets held in trust, depreciation and other nonoperating gains and losses.

Available resources and liquidity
The Organization's financial assets available within one year of the statement of financial position date for general expenditures as of June 30, 2020 and 2019 are as follows:

	2020	2019
Total assets, end of year	$ 34,187,893	$ 27,326,148
Less nonfinancial assets:		
Prepaid assets	(26,850)	(5,500)
Property and equipment, net	(4,913,094)	(3,647,353)
Contribution receivable - land use, net	(213,654)	-
Assets held in trust	(8,893,014)	(9,152,407)
Financial assets, end of year	20,141,281	14,520,888
Less those unavailable for general expenditure within one year due to		
Contractual or donor-imposed restrictions		
Pledges receivable, net, less current portion	(2,641,503)	(3,098,156)
Restricted by donors by time	(1,199,398)	(479,619)
Donor-restricted endowment, subject to appropriation	(162,793)	(178,783)
Donor-restricted endowment to be retained in perpetuity	(391,102)	(391,102)
Board designated endowments	(5,617,720)	(5,787,379)
Expected to be available for general expenditure within one year		
Appropriations for operations	309,672	309,708
Financial assets available for general expenditure within one year	$ 10,438,437	$ 4,895,557

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts and contributions receivable, marketable debt and equity securities and a line of credit. See Note 7 for more information about the Organization's line of credit facility.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Organization's Investment Policy Statement requires the investment portfolio to maintain liquid instruments within its portfolio to ensure assets are available to meet general expenditures, liabilities and obligations as they come due. The Organization's investment committee reviews investment performance on a quarterly basis to consider near-term liquidity needs.

Cash and cash equivalents
Cash and cash equivalents include all cash balances and highly-liquid short-term instruments with an original maturity of three months or less when acquired.

Revenue recognition

Contributions
Transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. 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 as net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Grants
Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Organization, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with ASU 2014-09. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are

reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

On the other hand, when the resource provider does not receive commensurate value, the transaction is accounted for as a contribution.

Program fees
Program fees include membership dues, daycare fees and various other funds collected by the Organization to cover activities provided to its participants and members. Revenue is recognized when control of the promised service is transferred to the Organization's members, in an amount that depicts the consideration the Organization expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

The Organization's payment terms vary by the type of services offered. The Organization's standard payment terms generally align with the timing of the services performed and do not include a financing component. The Organization has the unconditional right to consideration as it satisfies the performance obligations, therefore, no contractual assets are recognized.

The Organization records deferred revenues when payments are received in advance of the Organization's performance under the contract, which are recognized as revenue as the performance obligation is satisfied. Revenue of $59,222 was recognized during the year end June 30, 2020 that was included in the deferred revenue balance at the beginning of the year. Revenue recognized from performance obligations that were satisfied or partially satisfied in prior periods was not material.

Gifts of long-lived assets
The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Contributed services
Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments. No amounts have been recorded in the financial statements for these donated volunteer services for the years ended June 30, 2020 and 2019, as they do not meet the criteria for recognition.

The Organization did receive donations for specific materials, supplies and services by various individuals and organizations that do meet the criteria for recognition. These are recorded at fair value at the date of donation, and have been included in revenue and expenses or capital assets in the period received. The following have been recorded in the financial statements: donated use of facilities of $34,816 for both years ended June 30, 2020 and 2019; donated materials and supplies of $0 and $38,731 for the years ended June 30, 2020 and 2019, respectively; and donated services of $67,700 and $74,286 for the years ended June 30, 2020 and 2019, respectively. In addition, see Note 16 for information on a land lease with the City of Hartford.

Allowances for receivables
Allowances for pledges, grants and other receivables are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the obligor. Receivables are written off only when management believes amounts will not be collected. Receivables are considered past due based on invoice or pledge date.

Investments
The Organization reports investments at fair value (see Note 5) and reflects any gains or losses in the statements of activities. Gains and losses are considered without donor restrictions unless restricted by donor stipulation or law. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value.

Property and equipment
The Organization capitalizes all expenditures for property and equipment with a cost in excess of $1,000 and a useful life of greater than three years. Purchased property and equipment are carried at cost less accumulated depreciation. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated lives for financial reporting purposes are as follows:

Asset	Estimated lives
Building and improvements	5 - 40 years
Furniture, fixtures, computers, equipment and vehicles	3 - 7 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period.

Construction in progress is recorded at cost. The Center capitalizes construction, insurance and other costs during the period of construction. Depreciation and amortization is recorded when construction is substantially complete and the assets are placed in service.

Impairment of long-lived assets
The Organization reviews long-lived assets for impairment whenever events or circumstances indicate the carrying amount of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no impairment losses during 2020 or 2019.

Income taxes
The Organization is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal or state corporate income taxes. The Organization has also been classified 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(b)(1)(A)(vi). The Organization's federal information returns prior to fiscal year 2017 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. If the Organization had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

Functional expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization applies various methods to allocate costs among the various programs and support functions, the most significant of which are by time and effort and square footage of building space utilized.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events
The Organization has evaluated events and transactions for potential recognition or disclosure through December 30, 2020, which is the date the financial statements were available to be issued.

Note 2 - Pledges receivable

Pledges receivable as of June 30, 2020 and 2019 consist of the following:

	2020	2019
One year and less	$ 1,881,812	$ 1,465,490
One to five years	2,760,644	3,244,981
Greater than five years	200,000	256,000
	4,842,456	4,966,471
Less		
Discount to present value (3%)	(174,441)	(329,001)
Allowance for bad debt expense	(144,700)	(73,824)
	4,523,315	4,563,646
Less current portion	(1,881,812)	(1,465,490)
Noncurrent portion, net	$ 2,641,503	$ 3,098,156

Note 3 - Investments

Investments as of June 30, 2020 and 2019 consist of the following:

	2020	2019
Domestic mutual funds		
Large Cap	$ 1,991,291	$ 2,034,670
Mid Cap	880,453	858,362
Small Cap	724,554	712,818
International mutual funds	1,025,861	1,075,505
Domestic bond funds	1,105,300	1,083,776
International bond funds	122,137	129,895
Other funds	185,824	278,774
Money market funds	240,197	249,636
Total	$ 6,275,617	$ 6,423,436

Note 4 - Assets held in trust

The Organization is the beneficiary of four perpetual trusts (the "Trusts") administered by a third-party financial institution. The Organization's interest in the net assets of each trust is included in the statements of financial position as assets held in trust and classified as net assets with donor restrictions - in perpetuity. The income distributed from the Trusts for 2020 and 2019 was $443,963 and $471,017, respectively. The value of the assets held in trust at June 30, 2020 and 2019 was $8,893,014 and $9,152,407, respectively.

Note 5 - Fair value measurements

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Financial assets carried at fair value at June 30, 2020 and 2019 are classified in the tables below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
2020				
Domestic mutual funds				
Large Cap	$ 1,991,291	$ -	$ -	$ 1,991,291
Mid Cap	880,453	-	-	880,453
Small Cap	724,554	-	-	724,554
International mutual funds	1,025,861	-	-	1,025,861
Domestic bond funds	1,105,300	-	-	1,105,300
International bond funds	122,137	-	-	122,137
Other funds	185,824	-	-	185,824
Money market funds	240,197	-	-	240,197
Assets held in trust	-	-	8,893,014	8,893,014
Total	$ 6,275,617	$ -	$ 8,893,014	$ 15,168,631

	Level 1	Level 2	Level 3	Total
2019				
Domestic mutual funds				
Large Cap	$ 2,034,670	$ -	$ -	$ 2,034,670
Mid Cap	858,362	-	-	858,362
Small Cap	712,818	-	-	712,818
International mutual funds	1,075,505	-	-	1,075,505
Domestic bond funds	1,083,776	-	-	1,083,776
International bond funds	129,895	-	-	129,895
Other funds	278,774	-	-	278,774
Money market funds	249,636	-	-	249,636
Assets held in trust	-	-	9,152,407	9,152,407
Total	$ 6,423,436	$ -	$ 9,152,407	$ 15,575,843

Investments in mutual, bond and money market funds are valued using market prices in active markets (Level 1). Mutual funds and money market funds held are open-ended funds that are registered with the Securities and Exchange Commission and are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds and money market funds are deemed to be actively traded.

The Organization's beneficial interests in assets held in trust are classified as Level 3. The fair value of the Organization's beneficial interests in assets held in trust is based on the fair values of the underlying investments within these agreements, which are established by the trustee using fair values in an active market for similar assets. The trustee provides the Organization with investment statements and valuations of its portion of the trusts at year end. These are evaluated annually by the Organization without adjustments. As such, the Company is not required to provide certain quantitative disclosures regarding the valuation methods used because they were unobtainable.

There have been no changes in the methodologies used June 30, 2020 and 2019.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's policy is to recognize transfers in and transfers out of the various levels as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the years ended June 30, 2020 and 2019.

Changes in assets measured at fair value using Level 3 inputs for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Balance, beginning	$ 9,152,407	$ 9,242,164
Net investment return	184,570	381,260
Cash disbursements	(443,963)	(471,017)
Balance, end	$ 8,893,014	$ 9,152,407

Note 6 - Property and equipment

Property and equipment as of June 30, 2020 and 2019 are as follows:

	2020	2019
Land	$ 169,500	$ 169,500
Buildings and improvements	8,675,536	8,641,046
Computers and equipment	106,753	103,242
Furniture and fixtures	268,825	266,426
Vehicles	181,635	181,635
	9,402,249	9,361,849
Less accumulated depreciation	(6,135,877)	(5,714,496)
Construction-in-progress	1,646,722	-
	$ 4,913,094	$ 3,647,353

Note 7 - Line of credit

The Organization has a $75,000 line of credit (the "Line") with HEDCO, Inc. under its nonprofit revolving loan fund program, which was funded by the Hartford Foundation for Public Giving. The Line bears interest at 4% per annum on any outstanding balance and matures on March 1, 2021. There was no outstanding balance at June 30, 2020 and 2019.

In April 2019, the Organization entered into a new line of credit agreement with Bank of America. This line of credit provides for up to $1,300,000 of borrowings, with up to $300,000 for general operations and $1,000,000 for the construction of the new facility (see Note 16). The note bears interest at the LIBOR Daily Floating rate plus 2% and is secured by the cash, securities and other assets held in the Organization's investment account at Bank of America (see Note 3). As of June 30, 2020 and 2019, there were no borrowings on this line of credit.

Note 8 - Refundable advance

The Organization was granted a $498,248 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its 24-week covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1% per annum in monthly payments beginning in September 2021. Principal and interest payments will be required through the maturity date May 6, 2022.

Note 9 - Endowment

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions - in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions - in perpetuity is classified as net assets with donor restrictions - time or purpose until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA. In accordance with CTUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the various funds;
2. The purposes of the Organization and donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation (depreciation) of investments;
6. Other resources of the Organization; and
7. The Organization's investment policies.

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without donor restriction	With donor restriction		Total
		Time or purpose	In perpetuity	
Donor-restricted	$ -	$ 162,793	$ 391,102	$ 553,895
Board-designated	5,617,720	-	-	5,617,720
Total funds	$ 5,617,720	$ 162,793	$ 391,102	$ 6,171,615

Changes in endowment net assets for the year ended June 30, 2020 is as follows:

	Without donor restriction	With donor restriction		Total
		Time or purpose	In perpetuity	
Endowment net assets, beginning of year	$ 5,787,379	$ 178,783	$ 391,102	$ 6,357,264
Net investment return	112,132	11,940	-	124,072
Appropriations	(281,791)	(27,930)	-	(309,721)
Endowment net assets, end of year	$ 5,617,720	$ 162,793	$ 391,102	$ 6,171,615

Endowment net asset composition by type of fund for the year ended June 30, 2019 was as follows:

	Without donor restriction	With donor restriction: Time or purpose	With donor restriction: In perpetuity	Total
Donor-restricted	$ -	$ 178,783	$ 391,102	$ 569,885
Board-designated	5,787,379	-	-	5,787,379
Total funds	$ 5,787,379	$ 178,783	$ 391,102	$ 6,357,264

Changes in endowment net assets for the year ended June 30, 2019 were as follows:

	Without donor restriction	With donor restriction: Time or purpose	With donor restriction: In perpetuity	Total
Endowment net assets, beginning of year	$ 5,771,218	$ 177,562	$ 391,102	$ 6,339,882
Net investment income	297,660	29,454	-	327,114
Appropriations	(281,499)	(28,233)	-	(309,732)
Endowment net assets, end of year	$ 5,787,379	$ 178,783	$ 391,102	$ 6,357,264

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires the Organization to retain as a fund of perpetual duration. The Organization follows a policy which prohibits spending underwater funds until such time as the fair value exceeds the original gift amount. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2020 and 2019, there were no such deficiencies.

Return objectives and risk parameters: The Organization adheres to investment and spending policies for endowment assets that attempt to provide a reasonably predictable stream of funding to the Organization's operating budget while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. According to the investment policy, as approved by the Board, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

Strategies employed for achieving objectives: To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation in order to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Organization has a policy of appropriating for distribution each year an amount not to exceed 5% of the five-year (20 quarters) moving average of the endowment's fair value. These amounts shall be calculated through the calendar year-end preceding the fiscal year for which the distribution is planned. Over the long-term, the Organization expects the current spending policy to allow its endowment to grow at a rate that is consistent with its objective of maintaining the purchasing power of the endowment assets while providing additional real growth through new gifts and investment return.

Note 10 - Board-designated net assets

Board-designated net assets of $5,858,397 and $2,205,115 as of June 30, 2020 and 2019, respectively, have been established for The Boys & Girls Club of Hartford Capital/Endowment Campaign (the "Campaign").

In fiscal year 2018, the Organization began soliciting contributions for the Campaign. Funds raised from the Campaign will be applied at the discretion of the Board (1) to the capital costs of the new construction projects ("Clubhouses") and operational funding at sites to be determined by the Board (the "Project") and/or (2) to an endowment to support the Project. Should the Board determine that the annual draw from the endowment, as determined by the Board from time to time in its discretion, is in excess of the amount required to support the new Clubhouses and continuing programs of the Organization, such excess may be used to support other Club activities.

Board-designated net assets also include $5,617,720 and $5,787,379 of board-designated endowment funds as of June 30, 2020 and 2019, respectively. Board-designated net assets for both the capital campaign and the endowment totaled $11,476,117 and $7,992,494 as of June 30, 2020 and 2019, respectively.

Note 11 - Net assets limitations and restrictions

Net assets without donor restrictions as of June 30, 2020 and 2019 are as follows:

	2020	2019
Board-designated endowment funds	$ 5,617,720	$ 5,787,379
Board-designated for capital campaign	5,858,397	2,205,115
Undesignated	5,662,079	4,276,892
	$ 17,138,196	$ 12,269,386

Net assets with donor restrictions as of June 30, 2020 and 2019 are as follows:

	2020	2019
Subject to time restrictions		
Pledges receivable, net	$ 4,523,315	$ 4,563,646
Unappropriated earnings from perpetual endowment	162,793	178,783
Land lease with City of Hartford	213,654	-
Subject to purpose and time restrictions		
Future program support	1,199,398	479,619
Net assets with donor restrictions - time or purpose	6,099,160	5,222,048
Amounts with perpetual restrictions		
Perpetual endowment	391,102	391,102
Assets held in trust	8,893,014	9,152,407
Net assets with donor restrictions - in perpetuity	9,284,116	9,543,509
	$ 15,383,276	$ 14,765,557

Net assets with donor restrictions were released during the years ended June 30, 2020 and 2019 as follows:

	2020	2019
Program related	$ 799,574	$ 825,408
Time restriction	192,930	228,233
Net assets released from operations	992,504	1,053,641
Capital campaign	3,279,071	1,722,524
Total	$ 4,271,575	$ 2,776,165

Note 12 - Operating leases

The Organization leases a vehicle and office equipment under operating lease agreements which expire at various times through July 2023. Monthly lease payments range from $34 to $541. Total rental expense for all operating leases for the years ended June 30, 2020 and 2019 was $18,637 and $17,728 respectively.

Future minimum lease payments required under noncancelable operating leases with initial lease terms in excess of one year as of June 30, 2020 are as follows:

2021	$	11,910
2022		8,823
2023		5,903
	$	26,636

Note 13 - Employee benefit plan

The Organization maintains a 401(k) plan that covers all eligible employees. The Organization matches 4% of the participant's 401(k) contributions and will make a safe harbor employer contribution in an amount equal to 4% of the employee's eligible compensation. The safe harbor employer contributions are fully vested in the year the contribution is made. 401(k) retirement expense for the years ended June 30, 2020 and 2019 was $87,336 and $79,887, respectively.

Note 14 - Asylum Hill Club unrestricted endowment disclosure

The following disclosure is made pursuant to a contribution agreement between the Asylum Hill Boys & Girls Club Development Association, Inc. (the "Asylum Hill Club") and the Organization dated January 11, 2005, regarding the terms of an unrestricted endowment contribution for the benefit of the Asylum Hill Club.

Results are shown below for fiscal years ended June 30, 2020 and 2019:

	2020	2019
Board-designated endowment assets for the benefit of the Asylum Hill Club	$ 1,783,324	$ 1,832,697
Appropriations from Asylum Hill Club board-designated endowment for operations	$ 87,321	$ 86,232
Asylum Hill Club maintenance and operating expenses	$ 539,044	$ 570,567

These amounts are included as part of the Organization's endowment in Note 9.

Note 15 - Concentrations

Credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and receivables. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2020, the Organization had cash balances that exceeded federally insured limits of approximately $6,880,000.

Concentrations of credit risk with respect to grants receivable are limited to contractual agreements with various federal and state organizations. Contributions receivable are limited to contributions from various foundations, businesses and individuals.

Market risk
The Organization invests in various debt and equity securities. These investment securities are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit, market and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of the Organization's investments which could materially affect amounts reported in the financial statements. The Organization's investments are placed within a wide array of institutions with high credit ratings and their performance is reviewed periodically by the Finance Committee of the Board of Directors.

Note 16 - Commitments and contingencies

New facility
In April 2018, the State of Connecticut Department of Mental Health and Addiction Services ("DMHAS") approved a $7,000,000 capital improvements bond fund grant program for the Organization, to assist with construction of a new facility in the south end of Hartford to meet the needs of youth residing in the area. The Board formally approved the grant contract in September 2018. Payments will be made under this grant on a quarterly basis upon submission, review and approval of required expenditure reports. Funds can only be utilized for the construction of the facility. If the construction with funds provided under this grant ceases to be used for its approved purpose within 10 years from the date of final payment, an amount equal to the amount of such funds minus 10% for each full year which has elapsed from the date of the final payment shall be repaid by the Organization to DMHAS.

In July 2019, the Organization entered into a grant agreement with a company for $1,000,000 payable over four years and contingent upon meeting milestones related to the construction of the new facility. As of June 30, 2020, the Organization recognized revenue of $750,000 as the conditions were met. The final milestone is full construction and when the building is open which is estimated for March 2022.

In October 2019, the Organization signed a ground lease with the City of Hartford (the "City") to lease real property owned by the City for the construction of this new facility. The lease term is for 95 years and for a rental payment of $1. The lease contains various requirements concerning the operation and development of the property. The contribution with donor restrictions for the year ended June 30, 2020 is $213,654. The contribution receivable - land use on the statement of financial position is comprised of the land use asset of $364,424 and related allowance for net present value of $150,770 as of June 30, 2020.

Coronavirus
In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. In response to this global pandemic, state and local governments implemented measures to mitigate its spread which resulted in widespread business, government, and school closures, all of which impacted the Organization's services.

During the mandatory closures, the Organization developed a Virtual Club platform to engage youth in fun learning activities. The Organization fully transitioned from in-person to virtual-only services for the months of April through June 2020. During this period, the Organization implemented new cleaning and disinfecting protocols for its facilities, sourced personal protective equipment for its staff and youth, installed barriers and hands-free features in its facilities, and changed its operational procedures and policies for staff, youth, parents, and volunteers. The Organization also furloughed certain employees during the time in which the clubs were virtual only. The Organization reopened its facilities in July to provide in-person summer camp and in September it resumed in-person afterschool services for youth and rehired most furloughed employees. Today the Organization provides both online Virtual Club and in-person facilities-based environments for its youth following state and local restrictions.

While the ultimate estimate of the length of this (or future) pandemics or the effects on economic activity, including the impact to businesses and stock markets is unknown, the Organization has assessed the accounting matters that could be impacted based upon information reasonably available including, but not limited to, allowances for receivables and valuation of investments and long-lived assets. While there was not a material impact to the Organization's financial statements as of and for the year ended June 30, 2020 resulting from the assessments, the future assessment of the Organization's current expectations relating to the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to the financial statements in the future based on the unpredictability of the long-term impact of this or future pandemics.

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