

# **Boys & Girls Clubs of Greater Kansas City**

Financial Report  
December 31, 2021

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Boys & Girls Clubs of Greater Kansas City

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Boys & Girls Clubs of Greater Kansas City (the Clubs), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Boys & Girls Clubs of Greater Kansas City as of December 31, 2021 and 2020, and 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.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Clubs 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**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Clubs' ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and 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.
- 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 the Clubs' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clubs' 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2022, on our consideration of the Clubs' 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 Clubs' 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 Clubs' internal control over financial reporting and compliance.

***RSM US LLP***

Kansas City, Missouri  
July 5, 2022

**Boys & Girls Clubs of Greater Kansas City**

**Statements of Financial Position  
December 31, 2021 and 2020**

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| Cash and cash equivalents:                             |                      |                      |
| Operating  | \$ 790,027           | \$ 179,305           |
| Designated cash  | 123,231              | 117,702              |
| Board—designated reserves                              | 1,450,000            | 1,200,000            |
| Cash restricted for capital improvements               | 871,969              | 1,747,819            |
| <b>Total cash and cash equivalents</b>                 | <b>3,235,227</b>     | <b>3,244,826</b>     |
| Certificate of deposit                                 | 217,298              | 216,861              |
| Investments, at fair value                             | 2,069,711            | 1,411,390            |
| Promises to give, net                                  | 229,145              | 545,594              |
| Grants and other receivables                           | 606,329              | 483,036              |
| Promises to give, net, restricted for capital campaign | 679,242              | 881,668              |
| Property and equipment, net                            | 12,417,819           | 12,221,945           |
| Other assets   | 205,003              | 80,715               |
| <b>Total assets</b>                                    | <b>\$ 19,659,774</b> | <b>\$ 19,086,035</b> |
| <b>Liabilities and Net Assets</b>                      |                      |                      |
| Liabilities:   |                      |                      |
| Accounts payable and accrued expenses                  | \$ 461,909           | \$ 796,274           |
| Deferred rent  | 40,392               | 48,481               |
| Other deferred revenue                                 | 541,056              | 376,019              |
| <b>Total liabilities</b>                               | <b>1,043,357</b>     | <b>1,220,774</b>     |
| Net assets:  |                      |                      |
| Without donor restrictions:                            |                      |                      |
| Undesignated   | 14,368,698           | 13,013,256           |
| Board-designated                                       | 1,617,063            | 1,003,328            |
| <b>Total without donor restrictions</b>                | <b>15,985,761</b>    | <b>14,016,584</b>    |
| With donor restrictions                                | 2,630,656            | 3,848,677            |
| <b>Total net assets</b>                                | <b>18,616,417</b>    | <b>17,865,261</b>    |
| <b>Total liabilities and net assets</b>                | <b>\$ 19,659,774</b> | <b>\$ 19,086,035</b> |

See notes to financial statements.

**Boys & Girls Clubs of Greater Kansas City**

**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2021**

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|---------------------------------------|-------------------------------|----------------------------|----------------------|
| Support and revenue:                  |                               |                            |                      |
| Contributions                         | \$ 3,633,204                  | \$ 1,569,548               | \$ 5,202,752         |
| Government grants                     | 2,780,795                     | -                          | 2,780,795            |
| Special events:                       |                               |                            |                      |
| Gross revenue                         | 2,542,055                     | -                          | 2,542,055            |
| Cost of direct benefits to donors     | (919,244)                     | -                          | (919,244)            |
| <b>Net special event income</b>       | <b>1,622,811</b>              | <b>-</b>                   | <b>1,622,811</b>     |
| Membership dues                       | 259,256                       | -                          | 259,256              |
| Rental income                         | 193,667                       | -                          | 193,667              |
| Investment return, net                | 126,896                       | -                          | 126,896              |
| Summer school                         | 267,153                       | -                          | 267,153              |
| Other income                          | 210,991                       | -                          | 210,991              |
| Net assets released from restrictions | 2,787,569                     | (2,787,569)                | -                    |
|                                       | <b>3,845,532</b>              | <b>(2,787,569)</b>         | <b>1,057,963</b>     |
| <b>Total support and revenue</b>      | <b>11,882,342</b>             | <b>(1,218,021)</b>         | <b>10,664,321</b>    |
| Expenses:                             |                               |                            |                      |
| Program services                      | 7,749,815                     | -                          | 7,749,815            |
| Supporting services:                  |                               |                            |                      |
| Fundraising                           | 735,666                       | -                          | 735,666              |
| Management and general                | 1,427,684                     | -                          | 1,427,684            |
| <b>Total supporting services</b>      | <b>2,163,350</b>              | <b>-</b>                   | <b>2,163,350</b>     |
| <b>Total expenses</b>                 | <b>9,913,165</b>              | <b>-</b>                   | <b>9,913,165</b>     |
| <b>Change in net assets</b>           | <b>1,969,177</b>              | <b>(1,218,021)</b>         | <b>751,156</b>       |
| Net assets, beginning of year         | 14,016,584                    | 3,848,677                  | 17,865,261           |
| Net assets, end of year               | <b>\$ 15,985,761</b>          | <b>\$ 2,630,656</b>        | <b>\$ 18,616,417</b> |

See notes to financial statements.

**Boys & Girls Clubs of Greater Kansas City**

**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2020**

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|--|-------------------------------|----------------------------|-------------------|
| Support and revenue:                       |                               |                            |                   |
| Contributions                              | \$ 3,236,226                  | \$ 1,986,857               | \$ 5,223,083      |
| Government grants                          | 2,814,948                     | -                          | 2,814,948         |
| Special events:                            |                               |                            |                   |
| Gross revenue                              | 2,159,369                     | -                          | 2,159,369         |
| Cost of direct benefits to donors          | (647,160)                     | -                          | (647,160)         |
| <b>Net special event income</b>            | <b>1,512,209</b>              | <b>-</b>                   | <b>1,512,209</b>  |
| Membership dues                            | 182,067                       | -                          | 182,067           |
| Rental income                              | 296,595                       | -                          | 296,595           |
| Investment return, net                     | 35,558                        | 52,712                     | 88,270            |
| Summer school                              | 209,189                       | -                          | 209,189           |
| Forgiveness of Paycheck Protection Program | 832,300                       | -                          | 832,300           |
| Other income                               | 108,129                       | -                          | 108,129           |
| Net assets released from restrictions      | 2,197,837                     | (2,197,837)                | -                 |
|  | <b>3,861,675</b>              | <b>(2,145,125)</b>         | <b>1,716,550</b>  |
| <b>Total support and revenue</b>           | <b>11,425,058</b>             | <b>(158,268)</b>           | <b>11,266,790</b> |
| Expenses:                                  |                               |                            |                   |
| Program services                           | 7,138,782                     | -                          | 7,138,782         |
| Supporting services:                       |                               |                            |                   |
| Fundraising                                | 633,082                       | -                          | 633,082           |
| Management and general                     | 1,353,330                     | -                          | 1,353,330         |
| <b>Total supporting services</b>           | <b>1,986,412</b>              | <b>-</b>                   | <b>1,986,412</b>  |
| <b>Total expenses</b>                      | <b>9,125,194</b>              | <b>-</b>                   | <b>9,125,194</b>  |
| <b>Change in net assets</b>                | <b>2,299,864</b>              | <b>(158,268)</b>           | <b>2,141,596</b>  |
| Net assets, beginning of year              | 11,716,720                    | 4,006,945                  | 15,723,665        |
| Net assets, end of year                    | \$ 14,016,584                 | \$ 3,848,677               | \$ 17,865,261     |

See notes to financial statements.

**Boys & Girls Clubs of Greater Kansas City**

**Statement of Functional Expenses  
Year Ended December 31, 2021**

|  | Program<br>Services | Supporting Services       |                     | Total                |
|--|---------------------|---------------------------|---------------------|----------------------|
|  |                     | Management<br>and General | Fundraising         |                      |
| Salaries   | \$ 3,450,719        | \$ 810,618                | \$ 422,984          | \$ 4,684,321         |
| Employee benefits  | 793,333             | 171,558                   | 163,269             | 1,128,160            |
| Occupancy  | 1,465,478           | 67,264                    | 47,798              | 1,580,540            |
| Depreciation   | 832,504             | 36,196                    | 36,196              | 904,896              |
| Professional fees  | 115,681             | 142,531                   | 5,774               | 263,986              |
| Food and beverage  | 491,465             | -                         | 1,577               | 493,042              |
| Supplies   | 295,397             | 65,347                    | 3,288               | 364,032              |
| Dues and contributions   | 2,260               | 44,767                    | -                   | 47,027               |
| Transportation   | 124,955             | 4,745                     | 3,956               | 133,656              |
| Postage  | 1,157               | 2,988                     | 1,399               | 5,544                |
| Printing and publications  | 1,180               | -                         | -                   | 1,180                |
| Equipment rental/maintenance   | 10,102              | 6,313                     | 1,204               | 17,619               |
| Marketing and advertising  | 10,352              | 18,539                    | 38,704              | 67,595               |
| Interest, bank and credit card fees  | 486                 | 44,199                    | 23                  | 44,708               |
| Telephone and communication  | 43,851              | 7,357                     | 5,158               | 56,366               |
| Training   | 96,802              | 4,238                     | 1,595               | 102,635              |
| Miscellaneous  | 14,093              | 1,024                     | 2,741               | 17,858               |
| <b>Total expenses included<br/>in expense section on<br/>the statement of<br/>activities</b> | <b>7,749,815</b>    | <b>1,427,684</b>          | <b>735,666</b>      | <b>9,913,165</b>     |
| Expenses included with revenues<br>on the statement of activities                            | -                   | -                         | 919,244             | 919,244              |
| <b>Total expenses</b>  | <b>\$ 7,749,815</b> | <b>\$ 1,427,684</b>       | <b>\$ 1,654,910</b> | <b>\$ 10,832,409</b> |

See notes to financial statements.



**Boys & Girls Clubs of Greater Kansas City**

**Statement of Functional Expenses  
Year Ended December 31, 2020**

|  | Program<br>Services | Supporting Services       |                     | Total               |
|--|---------------------|---------------------------|---------------------|---------------------|
|  |                     | Management<br>and General | Fundraising         |                     |
| Salaries   | \$ 2,910,159        | \$ 779,925                | \$ 367,328          | \$ 4,057,412        |
| Employee benefits  | 853,875             | 198,129                   | 117,362             | 1,169,366           |
| Occupancy  | 1,329,137           | 55,635                    | 39,920              | 1,424,692           |
| Depreciation   | 785,755             | 34,163                    | 34,163              | 854,081             |
| Professional fees  | 256,872             | 108,452                   | 19,422              | 384,746             |
| Food and beverage  | 372,852             | 5,485                     | 201                 | 378,538             |
| Supplies   | 303,984             | 26,746                    | 3,046               | 333,776             |
| Dues and contributions   | 1,688               | 43,214                    | 488                 | 45,390              |
| Transportation   | 61,053              | 8,479                     | 3,300               | 72,832              |
| Postage  | 1,713               | 3,475                     | 1,359               | 6,547               |
| Printing and publications  | 2,001               | 655                       | 2,176               | 4,832               |
| Equipment rental/maintenance   | 12,452              | 5,916                     | 2,526               | 20,894              |
| Marketing and advertising  | 82,500              | 23                        | 37,079              | 119,602             |
| Interest, bank and credit card fees  | -                   | 73,559                    | 232                 | 73,791              |
| Telephone and communication  | 41,988              | 6,219                     | 4,281               | 52,488              |
| Training   | 96,217              | 2,431                     | 199                 | 98,847              |
| Miscellaneous  | 26,536              | 824                       | -                   | 27,360              |
| <b>Total expenses included<br/>in expense section on<br/>the statement of<br/>activities</b> | <b>7,138,782</b>    | <b>1,353,330</b>          | <b>633,082</b>      | <b>9,125,194</b>    |
| Expenses included with revenues<br>on the statement of activities                            | -                   | -                         | 647,160             | 647,160             |
| <b>Total expenses</b>  | <b>\$ 7,138,782</b> | <b>\$ 1,353,330</b>       | <b>\$ 1,280,242</b> | <b>\$ 9,772,354</b> |

See notes to financial statements.

## Boys & Girls Clubs of Greater Kansas City

### Statements of Cash Flows Years Ended December 31, 2021 and 2020

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Change in net assets  | \$ 751,156          | \$ 2,141,596        |
| Adjustments to reconcile change in net assets to net cash flows provided by operating activities: |                     |                     |
| Depreciation  | 904,896             | 854,081             |
| Net realized and unrealized gain on investments   | (187,276)           | (217,500)           |
| Gain on extinguishment of Paycheck Protection Program loan  | -                   | (832,300)           |
| (Increase) decrease in:   |                     |                     |
| Certificates of deposit   | (437)               | (561)               |
| Promises to give  | 518,875             | 66,607              |
| Grants and other receivables  | (123,293)           | (34,804)            |
| Other assets  | (124,288)           | (34,928)            |
| Increase (decrease) in:   |                     |                     |
| Deferred rent   | (8,089)             | (6,020)             |
| Other deferred revenue  | 165,037             | (221,793)           |
| Accounts payable and accrued expenses   | (334,365)           | 232,112             |
| <b>Net cash provided by operating activities</b>  | <b>1,562,216</b>    | <b>1,946,490</b>    |
| Cash flows from investing activities:   |                     |                     |
| Purchases of investments  | (524,921)           | -                   |
| Proceeds from sale of investments   | 53,876              | 122,528             |
| Purchase of property and equipment  | (1,100,770)         | (1,911,416)         |
| <b>Net cash used in investing activities</b>  | <b>(1,571,815)</b>  | <b>(1,788,888)</b>  |
| Cash flows from financing activities:   |                     |                     |
| Proceeds from Paycheck Protection Program loan  | -                   | 832,300             |
| Repayment of long-term debt   | -                   | (648,450)           |
| <b>Net cash provided by financing activities</b>  | <b>-</b>            | <b>183,850</b>      |
| <b>Net change in cash and cash equivalents</b>  | <b>(9,599)</b>      | <b>341,452</b>      |
| Cash and cash equivalents, beginning of year  | <b>3,244,826</b>    | 2,903,374           |
| Cash and cash equivalents, end of year  | <b>\$ 3,235,227</b> | <b>\$ 3,244,826</b> |
| Supplemental disclosures of cash flow information:  |                     |                     |
| Interest paid   | <b>\$ 1,228</b>     | <b>\$ 36,160</b>    |
| Gain on extinguishment of Paycheck Protection Program loan  | <b>\$ -</b>         | <b>\$ (832,300)</b> |
| Reconciliation of cash, cash equivalents and restricted cash:                                     |                     |                     |
| Cash and cash equivalents   | \$ 913,258          | \$ 297,007          |
| Restricted cash (assets restricted for long-term purposes or from capital campaigns)              | 2,321,969           | 2,947,819           |
| <b>Total cash, cash equivalents and restricted cash</b>   | <b>\$ 3,235,227</b> | <b>\$ 3,244,826</b> |

See notes to financial statements.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies

**Organization:** Boys & Girls Clubs of Greater Kansas City (the Clubs) is a Missouri nonprofit corporation organized to promote educational, vocational, social, character and leadership development of youth. The aim is to help young people improve their lives by building self-esteem and developing values and skills during critical periods of growth. The Clubs' donors and program participants are mainly located in the Kansas City, Missouri, metropolitan area's toughest neighborhoods, serving nearly 8,000 disadvantaged kids ages five to 18. The long-term goal of the Clubs' programs is to ensure members have the skills they need to graduate high school and pursue college, vocational training, or a career. The Clubs' comprehensive programs fall into four core areas: education and career development, including the arts; public speaking, character and leadership development; healthy lifestyles and technology. The Clubs have programs available during the school year as well as in the summer. In the summer, the Clubs are open more hours of the day, including contracting with the local school districts to expand certain programs using certified teachers.

**Advertising:** The Clubs expense advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2021 and 2020, were \$67,595 and \$119,602, respectively.

**Basis of accounting:** The Clubs prepare their financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Cash and cash equivalents:** For purposes of the statements of cash flows, cash consists of cash, cash restricted for long-term purposes or from capital campaigns, cash designated for maintenance reserve, non-interest-bearing checking accounts and short-term money market investments with current maturities of three months or less.

**Certificate of deposit:** A certificate of deposit of approximately \$217,000 was held by the Clubs at December 31, 2021 and 2020. It is carried at cost in the statements of financial position, having an original maturity of 210 days and interest rate of 0.10% and 0.20% at December 31, 2021 and 2020, respectively. On October 22, 2020, the Clubs renewed their certificate of deposit for an additional 210 days. On May 20, 2021, the Clubs renewed their certificate of deposit for an additional 210 days. On December 16, 2021, the Clubs renewed their certificate of deposit for an additional 210 days with a maturity date of July 14, 2022.

**Concentration of credit risk:** The Clubs maintain their cash and cash equivalents in financial institutions located in the greater Kansas City, Missouri area. At times during the year, some of the Clubs' balances exceed federally insured limits. The Clubs have not experienced any losses in these accounts in the past, and management believes the Clubs are not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which the Clubs deposit funds.

**Donated goods and services:** A substantial number of volunteers have donated thousands of hours of their time during the years ended December 31, 2021 and 2020, which do not meet the requirements of contributions under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-605 and, accordingly, are not recorded in these financial statements. Donated use of facilities, materials and services and assets are reflected as contributions at their estimated fair value at the date of receipt. No significant contributions of such goods or services were received during the years ended December 31, 2021 and 2020.

**Estimates:** The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies (Continued)

**Functional expenses:** The Clubs allocate expenses on a functional basis among the various programs and supporting services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or supporting service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, occupancy and depreciation, which are allocated on the basis of estimates of time and effort.

**Grants and other receivables:** Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad-debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. There was no allowance recorded at December 31, 2021 or 2020.

**Income taxes:** The Clubs are classified as tax-exempt under section 501(c)(3) of the Internal Revenue Code (the Code) and do not incur income taxes. In addition, the Clubs have been classified as a publicly supported organization, which is not a private foundation within the meaning of section 509(a)(1) of the Code.

The Clubs have adopted ASC Subtopic 740-10 as it might apply to the Clubs' financial transactions. The Clubs' policy is to record a liability for any tax position that is beneficial to the Clubs, including any related interest and penalties, when it is more likely than not that the position taken by management with respect to the transaction or class of that transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2021 and 2020, and, accordingly, no liability has been accrued.

**Investments:** Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value. Unrealized gains and losses are included in investment return in the accompanying statements of activities. The Clubs report investment return restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

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

**Net assets without donor restrictions:** Net assets are available for use in general operations and not subject to donor or certain grantor restrictions. They also include any designations by the governing board.

**Net assets with donor restrictions:** Net assets are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Clubs report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies (Continued)

**Promises to give:** The Clubs record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumption that market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2021 and 2020, no allowance was considered to be needed.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Property and equipment:** Property and equipment is stated at cost at the date of acquisition or fair value at date of donation, over a nominal amount, in the case of gift. If donors stipulate how long the assets must be used, the contributions are recorded as donor-restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. All expenses greater than \$5,000 will be capitalized. Maintenance and repairs are charged to expense as incurred. When an item of property or equipment is sold or retired, the related cost is removed from the accounts and any gain or loss is included in the results of operations. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. Lives for depreciation are as follows:

|                            |             |
|----------------------------|-------------|
| Buildings and improvements | 10-30 years |
| Furniture and equipment    | 3-10 years  |
| Vehicles                   | 3-5 years   |

**Revenue recognition:** The Clubs earn revenues predominantly through contributions, government grants and special events. In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*. This requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to the customers. The standard replaced most existing revenue recognition guidance under U.S. GAAP. This standard also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. Due to the nonreciprocal nature of contributions and the Clubs' current government grants, these revenue streams are not considered contracts with customers and therefore, do not fall under the guidance of ASC 606. See below for additional disclosures.

The Clubs recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Contributions to be received after one year are discounted with an appropriate discount rate commensurate with the risks involved. The Clubs' revenue is also derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures in compliance with specific contract or grant provisions.

Revenue from contracts with customer is derived primarily from tickets and sponsorships purchased for special events. The related performance obligation is satisfied at a point in time when the event occurs.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### **Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

As of December 31, 2021 and 2020, gross special event revenue was \$2,542,055 and \$2,159,369, respectively. Amounts received for special events are deferred to the applicable period in which the related event occurs and are classified as liabilities on the statements of financial position. At December 31, 2021 and 2020, there was \$470,000 and \$305,105, respectively, of deferred revenue related to special events. There were no associated accounts receivable for special events as of December 31, 2021 and 2020.

**Reclassification of certain assets:** Certain assets on the statement of financial position as of December 31, 2020, have been reclassified, with no effect on net assets, to be consistent with the classifications adopted for the year ended December 31, 2021.

**Subsequent events:** The Clubs evaluated subsequent events through July 5, 2022, which is the date the financial statements were available to be issued.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

#### Note 2. Liquidity and Availability of Resources

The Clubs regularly monitor liquidity to meet their annual operating needs and other commitments while also striving to maximize the return on investment of their funds not required for annual operations. As of December 31, 2021 and 2020, the following financial assets are available to meet annual operating needs of the 2022 and 2021 fiscal years, respectively:

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| Assets at year-end:  |                     |                     |
| Cash and cash equivalents  | \$ 913,258          | \$ 297,007          |
| Certificates of deposit, at cost   | 217,298             | 216,861             |
| Investments, at fair value   | 2,069,711           | 1,411,390           |
| Promises to give, net  | 229,145             | 545,594             |
| Grants and other receivables, no allowance for doubtful accounts                   | 606,329             | 483,036             |
| Board-designated reserves  | 1,450,000           | 1,200,000           |
| Cash restricted for capital improvements   | 871,969             | 1,747,819           |
| Promises to give, net, restricted for capital campaign                             | 679,242             | 881,668             |
| Property and equipment, net  | 12,417,819          | 12,221,945          |
| Other assets   | 205,003             | 80,715              |
| Total assets   | <u>19,659,774</u>   | <u>19,086,035</u>   |
| Less amounts not available to be used within one year:                             |                     |                     |
| Nonfinancial assets:   |                     |                     |
| Prepaid expense  | 163,973             | 40,188              |
| Property and equipment, net  | 12,417,819          | 12,221,945          |
| Total assets   | <u>12,581,792</u>   | <u>12,262,133</u>   |
| Contractual or donor-imposed restrictions:   |                     |                     |
| Promises to give, net, restricted for capital campaign                             | 679,242             | 881,668             |
| Cash restricted for capital improvements   | 871,969             | 1,747,819           |
| Assets held in perpetuity  | 6,683               | 6,683               |
| Assets held in escrow  | 340,529             | 334,563             |
| Investments donor-restricted for scholarships                                      | 611,659             | 570,179             |
| Total contractual or donor-imposed restrictions                                    | <u>2,510,082</u>    | <u>4,740,912</u>    |
| Board reserve and foundation funds not authorized for expenditure within one year: |                     |                     |
| Investments Board-designated for scholarships                                      | 1,208,845           | 603,368             |
| Total Board-designated not authorized for expenditure within one year              | <u>1,208,845</u>    | <u>603,368</u>      |
| Financial assets not available to be used within one year                          | 16,300,719          | 17,606,413          |
| Financial assets available to meet general expenditures within one year            | <u>\$ 3,359,055</u> | <u>\$ 1,479,622</u> |

The Clubs receive significant contributions restricted by donors and consider contributions restricted for programs which are ongoing, major and central to their annual operations to be available to meet cash needs for general expenditures. The Clubs manage their liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Clubs have cash flow fluctuations with heavy receipts in the first and fourth quarters of the calendar year, while the expenses are heaviest in the second and third quarters. In order to meet these ongoing needs, the Clubs have a reserve fund and a line of credit to draw upon during any shortfalls. These resources are approximately 20% of the Clubs' operating budget.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 3. Fair Value Measurements of Assets and Liabilities

The objective of a fair value measurement is to determine 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). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels below:

**Level 1:** Inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities.

**Level 2:** Inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means.

**Level 3:** Inputs are unobservable and reflect assumptions on the part of the reporting entity.

**Fair value on a recurring basis:** The tables below present the balances of assets measured at fair value on a recurring basis at December 31, 2021 and 2020:

|   | 2021                |                  |             |                     |
|---|---------------------|------------------|-------------|---------------------|
|   | Level 1             | Level 2          | Level 3     | Total               |
| Investments:                                |                     |                  |             |                     |
| Money market funds                          | \$ 31,608           | \$ -             | \$ -        | \$ 31,608           |
| Mutual funds—equity                         | 1,229,427           | -                | -           | 1,229,427           |
| Mutual funds—fixed income                   | 740,797             | -                | -           | 740,797             |
| Beneficial interest in community foundation | -                   | 67,879           | -           | 67,879              |
|   | <u>\$ 2,001,832</u> | <u>\$ 67,879</u> | <u>\$ -</u> | <u>\$ 2,069,711</u> |

|   | 2020                |                  |             |                     |
|---|---------------------|------------------|-------------|---------------------|
|   | Level 1             | Level 2          | Level 3     | Total               |
| Investments:                                |                     |                  |             |                     |
| Money market funds                          | \$ 72,065           | \$ -             | \$ -        | \$ 72,065           |
| Mutual funds—equity                         | 802,462             | -                | -           | 802,462             |
| Mutual funds—fixed income                   | 471,466             | -                | -           | 471,466             |
| Beneficial interest in community foundation | -                   | 65,397           | -           | 65,397              |
|   | <u>\$ 1,345,993</u> | <u>\$ 65,397</u> | <u>\$ -</u> | <u>\$ 1,411,390</u> |

The fair value of investments in pooled equity investments and pooled fixed-income funds is based on their reported net asset values (NAV) per share as a practical expedient. The funds that the Clubs have invested in these accounts may be liquidated upon request and are thus classified as Level 2.

The following is a description of the valuation methodology used for Level 2 fair value measurements. There have been no changes in the methodology used for the years ended December 31, 2021 and 2020.



## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 3. Fair Value Measurements of Assets and Liabilities (Continued)

**Beneficial interest in community foundation:** NAV is provided by the community foundation, taking into account the Clubs' proportionate net asset share in investment pools. The value of the pools is derived from the fair value of investments within those pools, which are valued using a combination of various methodologies depending upon the type of investment within the pool. As allowed by ASC Subtopic 820-10-35-54B, the entire interest is classified within Level 2 of the fair value hierarchy as the Clubs have the ability to immediately redeem their investment in the beneficial interest in assets held by others in the near term, as a request to liquidate the entire balance of the beneficial interest could take up to only 90 days to liquidate the balance.

#### Note 4. Promises to Give

Promises to give consisted of the following unconditional promises to give at December 31, 2021 and 2020:

|                              | 2021              | 2020                |
|------------------------------|-------------------|---------------------|
| Capital campaign             | \$ 688,058        | \$ 900,807          |
| Restricted to future periods | 267,000           | 602,170             |
|                              | 955,058           | 1,502,977           |
| Less unamortized discount    | (46,671)          | (75,715)            |
| Total promises to give, net  | <u>\$ 908,387</u> | <u>\$ 1,427,262</u> |
| Amounts due in:              |                   |                     |
| Less than one year           | \$ 412,600        | \$ 889,953          |
| One to five years            | 542,458           | 613,024             |
| Total                        | <u>\$ 955,058</u> | <u>\$ 1,502,977</u> |

Discount rates ranged from 1.24% to 4.21% for the years ended December 31, 2021 and 2020, respectively.

There were no conditional promises to give as of December 31, 2020 and 2021.

#### Note 5. Grants and Other Receivables

Grants and other receivables consisted of the following at December 31, 2021 and 2020:

|                                    | 2021              | 2020              |
|------------------------------------|-------------------|-------------------|
| Summer school program              | \$ 112,589        | \$ 105,136        |
| Government grants                  | 332,667           | 248,693           |
| Other receivables                  | 161,073           | 129,207           |
| Total grants and other receivables | <u>\$ 606,329</u> | <u>\$ 483,036</u> |

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 6. Property and Equipment

Property and equipment includes the following at December 31, 2021 and 2020:

|                              | 2021                 | 2020                 |
|------------------------------|----------------------|----------------------|
| Land and land improvements   | \$ 1,063,070         | \$ 1,063,070         |
| Buildings and improvements   | 27,081,605           | 25,951,041           |
| Furniture and equipment      | 1,560,674            | 1,501,107            |
| Vehicles                     | 382,308              | 403,258              |
| Construction in progress     | 295,376              | 375,618              |
|                              | <u>30,383,033</u>    | <u>29,294,094</u>    |
| Accumulated depreciation     | (17,965,214)         | (17,072,149)         |
| Total property and equipment | <u>\$ 12,417,819</u> | <u>\$ 12,221,945</u> |

Total depreciation expense was \$904,896 and \$854,081 for the years ended December 31, 2021 and 2020, respectively.

#### Note 7. Line of Credit

The Clubs have a \$750,000 line of credit with a financial institution, secured by property and equipment. Borrowings under the line bear interest at the UMB Bank prime rate (3.25% at December 31, 2021). The variable rate resets at the beginning of each calendar quarter. All outstanding principal and interest was due upon maturity at June 5, 2020. The line was renewed on June 5, 2020, with no other terms changed. The line was renewed on September 30, 2021, with a maturity date of September 30, 2022.

#### Note 8. Long-Term Debt

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law and is meant to address the economic fallout from the COVID-19 pandemic. In connection, the Clubs received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for \$832,000 in April 2020. Proceeds from this loan were used for the retention of employees and maintaining payroll. The Clubs received notice of the forgiveness of the loan from the SBA in November 2020. Proceeds from the loan are recorded as a gain on forgiveness of PPP loan on the statement of activities.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2021 and 2020:

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Held in perpetuity:                           |                     |                     |
| Scholarships for club memberships and college | \$ 6,683            | \$ 6,683            |
| Time-restricted:                              |                     |                     |
| Promises to give                              | 229,145             | 545,594             |
|   | <u>229,145</u>      | <u>545,594</u>      |
| Time- and purpose-restricted:                 |                     |                     |
| Capital campaign—legacy                       | 679,242             | 881,668             |
|   | <u>679,242</u>      | <u>881,668</u>      |
| Purpose-restricted:                           |                     |                     |
| Scholarships for club memberships and college | 611,659             | 570,179             |
| General operations and salaries               | 181,518             | 172,408             |
| Capital campaign—legacy                       | 922,409             | 1,672,145           |
|   | <u>1,715,586</u>    | <u>2,414,732</u>    |
| Total net assets with donor restrictions      | <u>\$ 2,630,656</u> | <u>\$ 3,848,677</u> |

The sources of net assets released from net assets with donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors were as follows for the years ended December 31, 2021 and 2020:

|                                       | 2021                | 2020                |
|---------------------------------------|---------------------|---------------------|
| Expiration of time restrictions       | \$ 335,170          | \$ 235,333          |
| Funds restricted for capital campaign | 2,452,399           | 1,962,504           |
| Net assets released from restrictions | <u>\$ 2,787,569</u> | <u>\$ 2,197,837</u> |

#### Note 10. Board-Designated Net Assets

Board-designated net assets consist of the following as of December 31, 2021 and 2020:

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Scholarships for club memberships and college     | \$ 1,208,845        | \$ 603,368          |
| Operating reserve                                 | 123,231             | 117,702             |
| Replacement reserves and deposits held for others | 284,987             | 282,258             |
| Total Board-designated net assets                 | <u>\$ 1,617,063</u> | <u>\$ 1,003,328</u> |

#### Note 11. Endowments

The Clubs' endowment consists of a donor-restricted fund and a Board-designated fund, both held for the purpose of providing membership dues and college scholarships. As required by U.S. GAAP, 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.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

#### Note 11. Endowments (Continued)

The Clubs' Board of Directors has interpreted the Missouri-enacted version of Uniform State Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Clubs retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Clubs in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Clubs consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2021 and 2020, are as follows:

|                                  | 2021                          |                            |                     |
|----------------------------------|-------------------------------|----------------------------|---------------------|
|                                  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Donor-restricted endowment funds | \$ -                          | \$ 6,683                   | \$ 6,683            |
| Board-designated endowment funds | 1,208,845                     | -                          | 1,208,845           |
| Total funds                      | <u>\$ 1,208,845</u>           | <u>\$ 6,683</u>            | <u>\$ 1,215,528</u> |
|                                  | 2020                          |                            |                     |
|                                  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Donor-restricted endowment funds | \$ -                          | \$ 6,683                   | \$ 6,683            |
| Board-designated endowment funds | 603,368                       | -                          | 603,368             |
| Total funds                      | <u>\$ 603,368</u>             | <u>\$ 6,683</u>            | <u>\$ 610,051</u>   |

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

#### Note 11. Endowments (Continued)

Changes in endowment net assets for the years ended December 31, 2021 and 2020, are as follows:

|   | 2021                          |                            |                     |
|---|-------------------------------|----------------------------|---------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Endowment net assets, beginning of year                                     | \$ 603,368                    | \$ 6,683                   | \$ 610,051          |
| Investment return, net  | 110,738                       | -                          | 110,738             |
| Other changes:  |                               |                            |                     |
| Transfers to create Board-designated<br>endowment funds                     | 518,874                       | -                          | 518,874             |
| Distribution from Board-designated<br>endowment pursuant to spending policy | (24,135)                      | -                          | (24,135)            |
| Endowment net assets, end of year   | <u>\$ 1,208,845</u>           | <u>\$ 6,683</u>            | <u>\$ 1,215,528</u> |
|   |                               |                            |                     |
|   | 2020                          |                            |                     |
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Endowment net assets, beginning of year                                     | \$ 580,241                    | \$ 6,683                   | \$ 586,924          |
| Investment return, net  | 13,028                        | -                          | 13,028              |
| Other changes:  |                               |                            |                     |
| Transfers to create Board-designated<br>endowment funds                     | 11,854                        | -                          | 11,854              |
| Distribution from Board-designated<br>endowment pursuant to spending policy | (1,755)                       | -                          | (1,755)             |
| Endowment net assets, end of year   | <u>\$ 603,368</u>             | <u>\$ 6,683</u>            | <u>\$ 610,051</u>   |

**Spending policy:** The Clubs have a combined 4% maximum spending policy of appropriating for distribution each year of the donor-restricted portion of the endowment's fair value and of the Board-designated portion of the endowment's fair value. In establishing this policy, the Clubs considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Clubs expect the current spending policy to allow this endowment fund to grow at an average of 5% annually. This is consistent with the Clubs' objective to maintain the historic dollar value of the endowment assets as well as to provide additional growth through investment return.

**Investment return objectives, risk parameters and strategies:** To achieve that objective, the Clubs have adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a variety of equity mutual funds that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make the annual distributions while growing the fund, if possible. The Clubs have established the following ranges by investment type: equities—40% to 70%; fixed income—15% to 60%; cash and equivalents—0% to 30% and alternative assets—0% to 15%. The Clubs expect their endowment assets, over time, to produce an average rate of return over inflation, as measured by the Consumer Price Index, of approximately 5% annually, after fees. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocations between asset classes and strategies are managed to not expose the fund to unacceptable risks.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### Note 12. Lease Commitments (The Clubs as Lessee)

The Clubs have operating lease agreements for office and programming space expiring May 2027, and for certain office equipment expiring December 2023. Future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

|                           | Office and<br>Programming | Equipment        | Total               |
|---------------------------|---------------------------|------------------|---------------------|
| Years ending December 31: |                           |                  |                     |
| 2022                      | \$ 273,910                | \$ 15,708        | \$ 289,618          |
| 2023                      | 295,979                   | 15,708           | 311,687             |
| 2024                      | 318,048                   | -                | 318,048             |
| 2025                      | 216,725                   | -                | 216,725             |
| 2026                      | 180,000                   | -                | 180,000             |
| Thereafter                | 75,000                    | -                | 75,000              |
| Total                     | <u>\$ 1,359,662</u>       | <u>\$ 31,416</u> | <u>\$ 1,391,078</u> |

Total rental expense under operating leases with terms in excess of one month amounted to \$306,444 and \$305,461 for the years ended December 31, 2021 and 2020, respectively.

The Clubs rent a portion of the "Thornberry Unit" to a school. The lease calls for rent in the amount of \$1.00 per month. In addition, the school is required to pay additional rent equal to the allocated expenses of the property. The lease is for 30 years but also has two optional 10-year renewal terms. Total rent received was \$193,667 and \$296,595 for the years ended December 31, 2021 and 2020, respectively.

#### Note 13. Defined Contribution Plan

The Clubs have a defined contribution plan covering substantially all full-time employees who have completed at least one year of service. In addition to matching participants' contributions 100% up to 5% based on qualifying wages, the Clubs may make additional discretionary match. No discretionary contributions were made in 2021 or 2020. The 401(k) match was \$97,227 and \$103,815 for the years ended December 31, 2021 and 2020, respectively.

#### Note 14. Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASC Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal year 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period present in the financial statements, with certain practical expedients available. The Clubs are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

## Boys & Girls Clubs of Greater Kansas City

### Notes to Financial Statements

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#### **Note 14. Recently Issued Accounting Pronouncements (Continued)**

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Clubs beginning on January 1, 2022. The Clubs are currently evaluating the impact of this new guidance on its financial statements.

#### **Note 15. Related-Party Transactions**

Upon his retirement in May 2018, the Clubs entered into three contracts with the former CEO of the Clubs for the purpose of providing transitional CEO services, providing capital campaign fundraising services and overseeing a program new to the Clubs in 2018. Total amounts incurred in relation to these contracts was \$32,869 and \$76,027 in 2021 and 2020, respectively. The contract terminated effective May 31, 2021.