Boys & Girls Clubs of Greater Kansas City

Financial Report
December 31, 2022

Contents

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, 2022 and 2021, 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, 2022 and 2021, 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 (*Government Auditing Standards*). 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2022, the Clubs adopted new accounting guidance Accounting Standards Codification (ASC) Topic 842, Leases, using a modified retrospective approach. Our opinion is not modified with respect to this matter.

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 August 24, 2023, 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
August 24, 2023

Boys & Girls Clubs of Greater Kansas City

Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents:		
Operating	$ 576,607	$ 790,027
Designated cash	98,276	123,231
Operating cash reserves	1,713,200	1,450,000
Cash restricted for capital improvements	536,490	871,969
Certificates of deposit	1,074,291	217,298
Total cash and cash equivalents	3,998,864	3,452,525
Investments, at fair value	1,752,247	2,069,711
Promises to give, net	120,191	229,145
Grants and other receivables	658,027	606,329
Promises to give, net, restricted for capital campaign	344,011	679,242
Property and equipment, net	12,250,618	12,417,819
Right-of-use operating lease asset, net	993,865	-
Other assets	102,097	205,003
Total assets	$ 20,219,920	$ 19,659,774
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 466,590	$ 461,909
Deferred rent	-	40,392
Other deferred revenue	366,938	541,056
Operating lease liability	1,050,568	-
Total liabilities	1,884,096	1,043,357
Net assets:		
Without donor restrictions:		
Undesignated	14,832,396	14,368,698
Board-designated	1,395,074	1,617,063
Total without donor restrictions	16,227,470	15,985,761
With donor restrictions	2,108,354	2,630,656
Total net assets	18,335,824	18,616,417
Total liabilities and net assets	$ 20,219,920	$ 19,659,774

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 3,064,724	$ 351,350	$ 3,416,074
Government grants	3,494,677	-	3,494,677
Special events:			
Gross revenue	2,925,924	-	2,925,924
Cost of direct benefits to donors	(921,667)	-	(921,667)
Net special event income	2,004,257	-	2,004,257
Membership dues	101,431	-	101,431
Rental income	315,508	-	315,508
Investment loss, net	(287,381)	(120,305)	(407,686)
Summer school	426,257	-	426,257
Other income	312,184	-	312,184
Net assets released from restrictions	753,347	(753,347)	-
	1,621,346	(873,652)	747,694
Total support and revenue	10,185,004	(522,302)	9,662,702
Expenses:			
Program services	7,725,507	-	7,725,507
Supporting services:			
Fundraising	891,306	-	891,306
Management and general	1,326,482	-	1,326,482
Total supporting services	2,217,788	-	2,217,788
Total expenses	9,943,295	-	9,943,295
Change in net assets	241,709	(522,302)	(280,593)
Net assets, beginning of year	15,985,761	2,630,656	18,616,417
Net assets, end of year	$ 16,227,470	$ 2,108,354	$ 18,335,824

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 Restrictions	With Donor 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)
Net special event income	1,622,811	-	1,622,811
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)	-
	3,845,532	(2,787,569)	1,057,963
Total support and revenue	11,882,342	(1,218,021)	10,664,321
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
Total supporting services	2,163,350	-	2,163,350
Total expenses	9,913,165	-	9,913,165
Change in net assets	1,969,177	(1,218,021)	751,156
Net assets, beginning of year	14,016,584	3,848,677	17,865,261
Net assets, end of year	$ 15,985,761	$ 2,630,656	$ 18,616,417

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statement of Functional Expenses
Year Ended December 31, 2022

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 3,423,172	$ 678,988	$ 550,779	$ 4,652,939
Employee benefits	616,368	176,232	168,171	960,771
Occupancy	1,552,807	66,782	45,045	1,664,634
Depreciation	794,495	34,543	34,543	863,581
Professional fees	244,663	156,581	10,420	411,664
Food and beverage	509,283	6,444	1,790	517,517
Supplies	196,840	50,340	4,806	251,986
Dues and contributions	1,853	61,464	3,638	66,955
Transportation	208,823	11,663	8,231	228,717
Postage	1,856	2,057	1,779	5,692
Equipment rental/maintenance	20,578	2,577	1,867	25,022
Marketing and advertising	2,937	5,732	53,797	62,466
Interest, bank and credit card fees	444	56,186	84	56,714
Telephone and communication	46,478	5,846	3,409	55,733
Training	90,817	10,053	2,947	103,817
Miscellaneous	14,093	994	-	15,087
Total expenses included in expense section on the statement of activities	7,725,507	1,326,482	891,306	9,943,295
Expenses included with revenues on the statement of activities	-	-	921,667	921,667
Total expenses	$ 7,725,507	$ 1,326,482	$ 1,812,973	$ 10,864,962

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
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
Total expenses included in expense section on the statement of activities	7,749,815	1,427,684	735,666	9,913,165
Expenses included with revenues on the statement of activities	-	-	919,244	919,244
Total expenses	$ 7,749,815	$ 1,427,684	$ 1,654,910	$ 10,832,409

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (280,593)**	$ 751,156
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	**863,581**	904,896
Net realized and unrealized losses (gains) on investments	**321,942**	(187,276)
(Increase) decrease in:		
Promises to give	**444,185**	518,875
Grants and other receivables	**(51,698)**	(123,293)
Right-of-use operating lease asset, net	**307,595**	-
Other assets	**102,906**	(124,288)
Increase (decrease) in:		
Deferred rent	**(40,392)**	(8,089)
Other deferred revenue	**(174,118)**	165,037
Accounts payable and accrued expenses	**4,681**	(334,365)
Operating lease liability	**(250,892)**	-
Net cash provided by operating activities	**1,247,197**	1,562,653
Cash flows from investing activities:		
Purchases of investments	**(87,815)**	(524,921)
Proceeds from sale of investments	**83,337**	53,876
Purchase of property and equipment	**(696,380)**	(1,100,770)
Net cash used in investing activities	**(700,858)**	(1,571,815)
Net change in cash and cash equivalents	**546,339**	(9,162)
Cash and cash equivalents, beginning of year	**3,452,525**	3,461,687
Cash and cash equivalents, end of year	**$ 3,998,864**	$ 3,452,525
Supplemental disclosure of cash flow information:		
Interest paid	**$ 648**	$ 1,228
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	**$ 3,462,374**	$ 2,580,556
Restricted cash (assets restricted for long-term purposes or from capital campaigns)	**536,490**	871,969
Total cash, cash equivalents and restricted cash	**$ 3,998,864**	$ 3,452,525
Supplemental cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	**$ 241,288**	$ -
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	**$ 781,996**	$ -

See notes to financial statements.

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 great kids ages five to 18 from disadvantaged situations. 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, 2022 and 2021, were $62,466 and $67,595, 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.

Certificates of deposit: The Clubs hold various certificates of deposit of approximately $1,065,000 and $217,000 at December 31, 2022 and 2021, respectively. The certificates of deposit are carried at cost in the statements of financial position, having an original maturity of 210 days and interest rates ranging from 1.2-2.25% and 0.10% at December 31, 2022 and 2021, respectively. The certificates of deposit have maturities through March 2026.

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, 2022 and 2021, 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, 2022 and 2021.

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.

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, 2022 or 2021.

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, 2022 and 2021, 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.

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, 2022 and 2021, 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:

Property and Equipment	Useful Lives
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.

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

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.

For the years ended December 31, 2022 and 2021, gross special event revenue was $2,925,924 and $2,542,055, 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, 2022 and 2021, there was $283,000 and $470,000, respectively, of deferred revenue related to special events. There were no associated accounts receivable for special events as of December 31, 2022 and 2021.

Leases (The Clubs as Lessee): In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statements of activities. The Clubs adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Clubs has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Clubs' historical accounting treatment under ASC Topic 840, Leases.

The Clubs elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Clubs does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Clubs has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Clubs determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Clubs obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Clubs also considers whether its service arrangements include the right to control the use of an asset.

The Clubs made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Clubs made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

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

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Clubs has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Clubs, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Clubs' operating leases of approximately $436,000 and $492,000, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated change in net assets or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Leases (The Clubs as Lessor): On January 1, 2022, the Clubs adopted FASB ASC Topic 842, Leases, using the modified retrospective approach by electing a package of practical expedients to not reassess its prior conclusions under ASC Topic 840, Leases, regarding (a) whether a preexisting contract is or contains a lease, (b) whether a preexisting lease should be classified as an operating or finance lease and (c) whether the initial direct costs capitalized for a preexisting lease under Topic 840 qualify for capitalization.

The Clubs lease primarily office and education building space to various tenants. These leases may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied.

Topic 842 provides lessors a practical expedient, applicable by class of underlying asset, to not separate nonlease components from the associated lease component if certain criteria are met. An underlying asset is an asset that is the subject of a lease for which a right to use that asset has been conveyed to a lessee. The Clubs consider land and land improvements and buildings and improvements as classes of underlying assets.

Lease components are elements of an arrangement that provide the customer with the right to use an identified asset. Nonlease components are distinct elements of a contract that are not related to securing the use of the leased asset and revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Clubs consider variable expenses relating to the building to be nonlease components because they represent delivery of a separate service but are not considered a cost of securing the identified asset. In the case of the Clubs' business, the identified asset would be the leased real estate.

The Clubs assessed and concluded that the timing and pattern of transfer for nonlease components and the associated lease component are the same. The Clubs determined that the predominant component was the lease component and as such its leases will continue to be accounted for as operating leases and the Clubs have made a policy election to account for and present the lease component and the nonlease component as a single component in the revenue section of the statements of activities within rental income. Prior to the adoption of Topic 842, nonlease components had been included within reimbursement income on the Clubs' statements of activities.

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

For the year ended December 31, 2021, prior to the adoption of Topic 842, the Clubs recognized contingent rental income after the specified target was met in accordance with Topic 840.

In addition, under Topic 842, lessors will only capitalize incremental direct leasing costs. As a result, starting January 1, 2022, the Clubs no longer capitalizes non-incremental direct costs. These costs are expensed as incurred and are included within general and administrative expenses on the statements of activities.

Uncollectible lease receivables and allowances for uncollectible lease receivables: The Clubs may carry current and deferred rent receivables net of allowances for amounts that may not be collected. There is no lease receivable recorded as of December 31, 2022 or 2021. These allowances are increased or decreased through rental income, and determination of the adequacy of the Clubs' allowances for lease receivables includes an assessment of whether or not substantially all of the amounts due under a tenant's lease agreement are probable of collection. Such assessment involves using a methodology that incorporates a specific identification analysis and an aging analysis and considers the current economic and business environment. This determination requires significant judgment and estimates about matters that are uncertain at the time the estimates are made, including the creditworthiness of specific lessees, specific industry trends and conditions, and general economic trends and conditions. For leases that are deemed probable of collection, revenue continues to be recorded on a straight-line basis over the lease term. For leases that are deemed not probable of collection, revenue is recorded as the lesser of (i) the amount which would be recognized on a straight-line basis or (ii) cash that has been received from the lessee, including deferred revenue, with any lease receivable balances charged as a direct write-off against rental income in the period of the change in the collectibility determination. If the collectibility determination subsequently changes to being probable of collection for leases for which revenue is recorded based on cash received from the lessee, the Clubs resume recognizing revenue, including deferred revenue, on a straight-line basis and recognize incremental revenue related to the reinstatement of cumulative deferred lease receivable and deferred revenue balances, as if revenue had been recorded on a straight-line basis since the inception of the lease.

For deferred lease receivables associated with leases whose rents are deemed probable of collection, the Clubs may record an allowance under other authoritative generally accepted accounting principles using a methodology that incorporates a specific identification analysis and an aging analysis and considers the current economic and business environment. This determination requires significant judgment and estimates about matters that are uncertain at the time the estimates are made, including the creditworthiness of specific lessees, specific industry trends and conditions, and general economic trends and conditions. Tenant and deferred lease receivables deemed probable of collection are carried net of allowances for uncollectible accounts with increases or decreases in the allowances recorded through rental income on the Clubs' statements of activities.

Current lease receivables may consist primarily of amounts due for contractual lease payments and reimbursements of certain expenses, property taxes, and other costs recoverable from lessees. With respect to the allowance for uncollectible lease receivables, the specific-identification methodology analysis relies on factors such as the age and nature of the receivables, the payment history and financial condition of the lessee, the Clubs' assessment of the lessee's ability to meet its lease obligations, and the status of negotiations of any disputes with the lessee. There was no allowance for lease receivables recorded as of December 31, 2022 or 2021.

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

Deferred rent receivables represent the amount by which the cumulative straight-line rental revenue recorded to date exceeds cash rents billed to date under the lease agreement. With respect to the allowance for deferred lease receivables, given the longer-term nature of these receivables, the specific-identification methodology analysis evaluates each of the Clubs' significant lessees and any lessees on the Clubs' internal watchlist and relies on factors such as each lessee's financial condition and its ability to meet its lease obligations. The Clubs evaluated reserve levels quarterly based on changes in the financial condition of lessees and assessment of the lessee's ability to meet its lease obligations, overall economic conditions and the current business environment.

Subsequent events: The Clubs evaluated subsequent events through August 24, 2023, which is the date the financial statements were available to be issued.

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, 2022 and 2021, the following financial assets are available to meet annual operating needs of the 2023 and 2022 fiscal years, respectively:

	2022	2021
Assets at year-end:		
Cash and cash equivalents	$ 674,883	$ 913,258
Certificates of deposit, at cost	1,074,291	217,298
Investments, at fair value	1,752,247	2,069,711
Promises to give, net	120,191	229,145
Grants and other receivables, no allowance for doubtful accounts	658,027	606,329
Board-designated reserves	1,713,200	1,450,000
Cash restricted for capital improvements	536,490	871,969
Promises to give, net, restricted for capital campaign	344,011	679,242
Property and equipment, net	12,250,618	12,417,819
Right-of-use operating lease asset, net	993,865	-
Other assets	102,097	205,003
Total assets	20,219,920	19,659,774
Less amounts not available to be used within one year:		
Nonfinancial assets:		
Prepaid expense	102,097	163,973
Property and equipment, net	12,250,618	12,417,819
Right-of-use operating lease asset, net	993,865	-
Total assets not available to be used within one year	13,346,580	12,581,792
Contractual or donor-imposed restrictions:		
Promises to give, net, restricted for capital campaign	344,011	679,242
Cash restricted for capital improvements	536,490	871,969
Assets held in perpetuity	6,683	6,683
Assets held in escrow	1,172,567	340,529
Investments donor-restricted for scholarships	527,397	611,659
Total contractual or donor-imposed restrictions	2,587,148	2,510,082
Board reserve and foundation funds not authorized for expenditure within one year:		
Investments Board-designated for scholarships	1,023,827	1,208,845
Total Board-designated not authorized for expenditure within one year	1,023,827	1,208,845
Financial assets not available to be used within one year	16,957,555	16,300,719
Financial assets available to meet general expenditures within one year	$ 3,262,365	$ 3,359,055

Note 2. Liquidity and Availability of Resources (Continued)

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.

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, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 46,558	$ -	$ -	$ 46,558
Mutual funds—equity	966,385	-	-	966,385
Mutual funds—fixed income	683,756	-	-	683,756
Beneficial interest in community foundation	-	55,548	-	55,548
	$ 1,696,699	$ 55,548	$ -	$ 1,752,247

	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
	$ 2,001,832	$ 67,879	$ -	$ 2,069,711

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

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, 2022 and 2021.

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, 2022 and 2021:

	2022	2021
Capital campaign	$ 346,708	$ 688,058
Restricted to future periods	134,000	267,000
	480,708	955,058
Less unamortized discount	(16,506)	(46,671)
Total promises to give, net	$ 464,202	$ 908,387
Amounts due in:		
Less than one year	$ 391,500	$ 412,600
One to five years	89,208	542,458
Total	$ 480,708	$ 955,058

Discount rates ranged from 1.24% to 4.30% for the years ended December 31, 2022 and 2021, respectively.

There were no conditional promises to give as of December 31, 2022 and 2021.

Note 5. Grants and Other Receivables

Grants and other receivables consisted of the following at December 31, 2022 and 2021:

	2022	2021
Summer school program	$ 151,134	$ 112,589
Government grants	276,271	332,667
Other receivables	230,622	161,073
Total grants and other receivables	$ 658,027	$ 606,329

Note 6. Property and Equipment

Property and equipment includes the following at December 31, 2022 and 2021:

	2022	2021
Land and land improvements	$ 1,063,070	$ 1,063,070
Buildings and improvements	27,879,056	27,081,605
Furniture and equipment	1,754,980	1,560,674
Vehicles	382,308	382,308
Construction in progress	-	295,376
	31,079,414	30,383,033
Accumulated depreciation	(18,828,796)	(17,965,214)
Total property and equipment	$ 12,250,618	$ 12,417,819

Total depreciation expense was $863,581 and $904,896 for the years ended December 31, 2022 and 2021, 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 (7.50% at December 31, 2022). The variable rate resets at the beginning of each calendar quarter. All outstanding principal and interest was due upon maturity at June 5, 2020 and subsequently renewed on September 30, 2021, with a maturity date of September 30, 2022. The line was renewed in September 2022 with a maturity date of September 30, 2023, with no other terms changed.

Note 8. Paycheck Protection Program Loan

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, which was forgiven by the SBA in November 2020. Proceeds from this loan were used for the retention of employees and maintaining payroll. The PPP loan is subject to an audit for up to six years following the date of loan forgiveness, at which time a refund of all or a portion of the PPP loan may be required.

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Held in perpetuity:		
Scholarships for club memberships and college	$ 6,683	$ 6,683
Time-restricted:		
Promises to give	120,191	229,145
	120,191	229,145
Time- and purpose-restricted:		
Capital campaign—legacy	344,011	679,242
	344,011	679,242
Purpose-restricted:		
Scholarships for club memberships and college	527,397	611,659
General operations and salaries	589,659	181,518
Capital campaign—legacy	520,413	922,409
	1,637,469	1,715,586
Total net assets with donor restrictions	$ 2,108,354	$ 2,630,656

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, 2022 and 2021:

	2022	2021
Expiration of time restrictions	$ -	$ 335,170
Funds restricted for capital campaign	753,347	2,452,399
Net assets released from restrictions	$ 753,347	$ 2,787,569

Note 10. Board-Designated Net Assets

Board-designated net assets consist of the following as of December 31, 2022 and 2021:

	2022	2021
Scholarships for club memberships and college	$ 1,023,827	$ 1,208,845
Operating reserve	98,276	123,231
Replacement reserves and deposits held for others	272,971	284,987
Total Board-designated net assets	$ 1,395,074	$ 1,617,063

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.

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, 2022 and 2021, 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, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 6,683	$ 6,683
Board-designated endowment funds	1,023,827	-	1,023,827
Total funds	$ 1,023,827	$ 6,683	$ 1,030,510

Note 11. Endowments (Continued)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 6,683	$ 6,683
Board-designated endowment funds	1,208,845	-	1,208,845
Total funds	$ 1,208,845	$ 6,683	$ 1,215,528

Changes in endowment net assets for the years ended December 31, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,208,845	$ 6,683	$ 1,215,528
Investment losses, net	(191,665)	-	(191,665)
Other changes:			
Transfers to create Board-designated endowment funds	55,000	-	55,000
Distribution from Board-designated endowment pursuant to spending policy	(48,353)	-	(48,353)
Endowment net assets, end of year	$ 1,023,827	$ 6,683	$ 1,030,510

	2021		
	Without Donor Restrictions	With Donor 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 endowment funds	518,874	-	518,874
Distribution from Board-designated endowment pursuant to spending policy	(24,135)	-	(24,135)
Endowment net assets, end of year	$ 1,208,845	$ 6,683	$ 1,215,528

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.

Note 11. Endowments (Continued)

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.

Note 12. Lease Commitments (The Clubs as Lessee)

The Clubs lease real estate, including office and programming space locations, and equipment under operating lease agreements that have initial terms ranging from 1 to 10 years. Some leases include one or more options to renew, generally at the Clubs' sole discretion, with renewal terms that can extend the lease term up to 5 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Clubs, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Clubs will exercise that option. The Clubs' operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2022:

Operating lease cost	$	307,595
Short-term lease cost		54,116
Total lease cost	$	361,711

Total rental expense under operating leases with terms in excess of one month amounted to $306,444 for the year ended December 31, 2021.

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

Supplemental statement of financial position information related to leases is as follows as of December 31, 2022:

Operating leases:	
Operating lease right-of-use assets	$ 993,865
Operating lease liabilities, current	$ 298,724
Operating lease liabilities, non-current	751,844
Total operating lease liabilities	$ 1,050,568
Weighted-average remaining lease term:	
Operating leases	2.5 years
Weighted-average discount rate:	
Operating leases	2.2%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of December 31, 2022:

	Operating Leases
Years ending December 31:	
2023	$ 310,383
2024	318,048
2025	208,755
2026	180,000
2027	75,000
Total lease payments	1,092,186
Less imputed interest	(41,618)
Total present value of lease liabilities	$ 1,050,568

Future minimum lease commitments, as determined under Topic ASC 840, for all non-cancelable leases are as follows as of December 31, 2021:

	Office and 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	$ 1,359,662	$ 31,416	$ 1,391,078

Note 13. Lease Commitments (The Clubs as Lessor)

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.

The Clubs rent a portion of the “Breidenthal Unit” to a non-profit organization. The lease calls for rent based on a set base rent price per square foot which escalates by 4% for each renewal period. The lease is for 30 months but also has two optional 3-year renewal terms, of which one option to renew was exercised as of July 2023.

The Clubs rented a portion of the “Wagner Unit” to a school commencing in July 2022 through May 31, 2023. The lease called for rent in the amount of $6,500 per month.

The Clubs’ buildings are leased to various tenants, as described above, under operating leases with initial term expiration dates ranging from 2023 to 2028. The Clubs’ investment in assets held under operating leases in which the Clubs are the lessor by major class of assets are as follows as of December 31:

	2022	2021
Land and land improvements	$ 958,859	$ 958,859
Buildings and improvements	16,525,445	16,525,445
	17,484,304	17,484,304
Less accumulated depreciation	4,709,248	4,314,569
	$ 12,775,056	$ 13,169,735

The Clubs’ rental income is primarily composed of payments defined under each lease agreement and are either subject to scheduled fixed increases.

Additionally, rental income includes variable payments for lessee reimbursements of property-related expenses and payments based on actual costs. Lessor costs for certain services directly reimbursed by lessees were presented on a net basis under Topic 840 during the year ended December 31, 2021. Beginning January 1, 2022, Topic 842 requires services directly reimbursed by lessees to be presented on a gross basis in revenues and expenses. During the year ended December 31, 2021, the Clubs incurred additional property expenses of $175,715 for which the Clubs was reimbursed that were not required to be grossed up under Topic 840. The Clubs presented this amount on a gross basis within rental income in the statements of activities as a result of the adoption of Topic 842 and had no impact on net income. The following table summarizes the components of lease revenue recognized during the years ended December 31, 2022 and 2021, included within the Clubs’ statements of activities:

	2022	2021
Operating lease income related to lease payments	$ 111,369	$ 17,952
Variable lease payments	204,139	175,715
	$ 315,508	$ 193,667

Note 13. Lease Commitments (The Clubs as Lessor) (Continued)

Future undiscounted cash flows to be received for each of the next five years and thereafter are as follows as of December 31, 2022:

	Operating Leases
Years ending December 31:	
2023	$ 106,660
2024	77,126
2025	77,126
2026	77,126
2027	12
Thereafter	12
Total lease payments	$ 338,062

Future minimum lease payments to be received, as determined under Topic 840, or all non-cancelable leases for each of the five succeeding fiscal years are as follows as of December 31, 2021:

	Operating Leases
Years ending December 31:	
2022	$ 72,369
2023	74,160
2024	77,126
2025	77,126
2026	77,126
Thereafter	24
	$ 377,931

Note 14. 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 an additional discretionary match. No discretionary contributions were made in 2022 or 2021. The 401(k) match was $106,318 and $97,227 for the years ended December 31, 2022 and 2021, respectively.

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 transitionary 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 $0 and $32,869 in 2022 and 2021, respectively. The contract terminated effective May 31, 2021.