Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2020 and 2019

Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2020 and 2019

Contents

Independent Auditor's Report	3-4
Consolidated Financial Statements	
Consolidated Statements of Financial Position	6
Consolidated Statements of Activities	7
Consolidated Statements of Cash Flows	8
Consolidated Statements of Functional Expenses	9
Notes to Consolidated Financial Statements	10-28
Supplementary Information	
Independent Auditor's Report on Supplementary Information	30
Consolidating Statement of Financial Position	31
Consolidating Statement of Activities	32

Tel: 407-841-6930
Fax: 407-841-6347
www.bdo.com

450 South Orange Ave., Suite 550
Orlando, FL 32801

Independent Auditor's Report

Board of Directors
Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries
Orlando, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Central Florida, Inc. and its subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants
November 20, 2020

Consolidated Financial Statements

Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidated Statements of Financial Position

June 30,	2020	2019
Assets		
Current:		
Cash and cash equivalents	$ 6,743,849	$ 1,544,883
Grants and contributions receivable, current portion, net	3,164,502	7,631,863
Prepaid expenses	278,382	233,690
Land held for sale	30,100	30,100
Total current assets	10,216,833	9,440,536
Property and equipment, net	22,857,085	19,097,288
Other assets:		
Assets limited as to use	24,168,648	18,168,241
Investments	1,837,547	6,582,453
Contributions receivable, long term, net	2,265,089	2,506,949
Contributed use of land	764,476	—
Leverage loan receivable	9,168,000	—
Other	81,470	78,906
Total other assets	38,285,230	27,336,549
	$ 71,359,148	$ 55,874,373
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 1,058,952	$ 431,024
Accrued expenses	448,024	354,805
Refundable advances	500,396	—
Deferred revenues	218,725	121,778
Total current liabilities	2,226,097	907,607
Notes payable, net	12,077,108	—
Loan payable - SBA Paycheck Protection Program	1,839,300	—
Total liabilities	16,142,505	907,607
Commitments and contingencies (Note 10)		
Net assets:		
Without donor restrictions	39,003,877	38,683,323
With donor restrictions	16,212,766	16,283,443
Total net assets	55,216,643	54,966,766
	$ 71,359,148	$ 55,874,373

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidated Statements of Activities

Year Ended June 30,	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total
Operating revenues and support:						
Government revenues	**$ 6,409,681**	**$ –**	**$ 6,409,681**	$ 6,235,453	$ –	$ 6,235,453
Contributions	**3,672,230**	**1,032,987**	**4,705,217**	3,169,956	1,558,697	4,728,653
In-kind contributions	**2,199,578**	**–**	**2,199,578**	3,117,131	–	3,117,131
United Way	**273,587**	**144,654**	**418,241**	320,546	269,319	589,865
Special events	**278,798**	**–**	**278,798**	1,256,174	–	1,256,174
Dues and program services	**423,655**	**–**	**423,655**	869,475	–	869,475
Other revenues	**548,417**	**–**	**548,417**	703,772	–	703,772
Contributed use of land	**5,666**	**764,476**	**770,142**	–	–	–
Net assets released from restrictions	**3,084,288**	**(3,084,288)**	**–**	2,739,210	(2,739,210)	–
Total operating revenues and support	**16,895,900**	**(1,142,171)**	**15,753,729**	18,411,717	(911,194)	17,500,523
Operating expenses:						
Program services	**12,782,769**	**–**	**12,782,769**	13,877,534	–	13,877,534
Supporting services:						
Management and general	**3,123,562**	**–**	**3,123,562**	2,854,902	–	2,854,902
Fundraising	**1,117,101**	**–**	**1,117,101**	1,739,379	–	1,739,379
Total operating expenses	**17,023,432**	**–**	**17,023,432**	18,471,815	–	18,471,815
Change in operating net assets	**(127,532)**	**(1,142,171)**	**(1,269,703)**	(60,098)	(911,194)	(971,292)
Non-operating revenues and support:						
Contributions restricted for capital projects	**–**	**1,000,346**	**1,000,346**	–	2,214,265	2,214,265
Investment return, net	**448,086**	**71,148**	**519,234**	1,055,047	85,508	1,140,555
Total non-operating revenues and support	**448,086**	**1,071,494**	**1,519,580**	1,055,047	2,299,773	3,354,820
Change in net assets	**320,554**	**(70,677)**	**249,877**	994,949	1,388,579	2,383,528
Net assets, beginning of year	**38,683,323**	**16,283,443**	**54,966,766**	37,688,374	14,894,864	52,583,238
Net assets, end of year	**$ 39,003,877**	**$ 16,212,766**	**$ 55,216,643**	$ 38,683,323	$ 16,283,443	$ 54,966,766

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Year Ended June 30,	**2020**	2019
Cash flows from operating activities:		
Change in net assets	$ **249,877**	$ 2,383,528
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Contributions restricted for capital projects	**(1,000,346)**	(2,214,265)
Contributed use of land	**(764,476)**	–
Depreciation	**741,087**	701,088
Amortization of pledge discount	**(17,176)**	(46,473)
Amortization of loan costs	**10,982**	–
Provision for uncollectible contributions	**92,541**	171,290
Donated property and equipment	**(294,495)**	(375,000)
Donated stock	**(50,182)**	(30,920)
Loss on sale of land held for sale	**–**	16,025
Net investment return on non-operating investments	**(519,234)**	(1,140,555)
Cash provided by (used for):		
Grants and contributions receivable	**4,633,827**	(1,438,115)
Prepaid expenses	**(44,692)**	1,209
Other assets	**(2,563)**	(7,907)
Accounts payable and accrued expenses	**725,921**	65,643
Deferred revenue	**92,202**	(56,949)
Refundable advances	**500,396**	–
Net cash provided by (used for) operating activities	**4,353,669**	(1,971,401)
Cash flows from investing activities:		
Purchase of property and equipment	**(4,206,390)**	(1,652,033)
Proceeds from sale of land held for sale	**–**	173,975
Leverage loan disbursement	**(9,168,000)**	–
Cash return on non-operating investments	**427,653**	507,003
Purchase of investments	**(13,801,928)**	(7,206,291)
Proceeds from sale of investments	**10,431,205**	2,130,360
Net cash used for investing activities	**(16,317,460)**	(6,046,986)
Cash flows from financing activities:		
Contributions restricted for capital projects	**1,000,346**	2,214,265
Loan proceeds – SBA Paycheck Protection Program	**1,839,300**	–
Note payable proceeds	**12,720,000**	–
Note payable closing costs	**(653,874)**	–
Net cash provided by financing activities	**14,905,772**	2,214,265
Net increase (decrease) in cash and cash equivalents	**2,941,981**	(5,804,122)
Cash and cash equivalents, beginning of year	**14,407,045**	20,211,167
Cash and cash equivalents, end of year	$ **17,349,026**	$ 14,407,045
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ **51,831**	$ –
Non-cash financing activity:		
Contributed use of land	$ **764,476**	$ –

Cash and cash equivalents is included in the following captions on the consolidated statements of financial position:

Year Ended June 30,	**2020**	2019
Cash and cash equivalents	$ **6,743,849**	$ 1,544,883
Assets limited as to use	**10,605,177**	12,862,162
	$ **17,349,026**	$ 14,407,045

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

	2020				2019			
		Supporting Services				Supporting Services		
Year Ended June 30,	**Program Services**	**Management and General**	**Fundraising**	**Total**	Program Services	Management and General	Fundraising	Total
Personnel:								
Employee payroll	**$ 5,799,889**	**$ 1,564,345**	**$ 596,212**	**$ 7,960,446**	$ 5,486,963	$ 1,450,103	$ 630,132	$ 7,567,198
Employee benefits	**641,829**	**303,171**	**106,329**	**1,051,329**	625,962	259,842	116,042	1,001,846
Payroll taxes	**434,588**	**108,751**	**35,388**	**578,727**	416,567	120,358	31,382	568,307
	6,876,306	**1,976,267**	**737,929**	**9,590,502**	6,529,492	1,830,303	777,556	9,137,351
Other:								
Occupancy	**1,907,726**	**107,657**	**4,875**	**2,020,258**	2,309,580	69,823	5,015	2,384,418
Building repairs and maintenance	**341,300**	**33,782**	**–**	**375,082**	366,411	43,161	3,000	412,572
Equipment expenses	**194,177**	**39,899**	**30,831**	**264,907**	193,987	74,252	100,348	368,587
Transportation	**205,500**	**28,548**	**15,110**	**249,158**	338,149	47,627	21,562	407,338
Materials and supplies	**1,958,183**	**66,993**	**120,307**	**2,145,483**	2,601,095	48,391	392,670	3,042,156
Auction items for special events	**–**	**–**	**62,678**	**62,678**	–	–	268,181	268,181
Professional fees	**265**	**182,778**	**–**	**183,043**	10,000	159,085	–	169,085
Pre-employment fees	**26,687**	**3,710**	**–**	**30,397**	50,845	15,609	–	66,454
Contract services	**275,969**	**170,508**	**6,189**	**452,666**	387,572	185,206	22,041	594,819
Insurance	**221,542**	**23,360**	**–**	**244,902**	208,569	19,398	–	227,967
Postage, supplies and printing	**26,070**	**40,857**	**6,949**	**73,876**	32,610	44,573	12,588	89,771
Training	**22,786**	**21,293**	**254**	**44,333**	41,985	7,741	7,171	56,897
Dues and subscriptions	**72,350**	**45,422**	**1,512**	**119,284**	117,130	27,857	1,306	146,293
Service charges	**18,124**	**78,689**	**26,640**	**123,453**	17,223	21,111	33,435	71,769
Miscellaneous	**29,633**	**113,919**	**2,253**	**145,805**	9,389	223,174	13,838	246,401
Interest	**–**	**51,832**	**–**	**51,832**	–	–	–	–
Capital campaign expenses	**–**	**3,112**	**101,574**	**104,686**	–	–	80,668	80,668
Total other expenses	**5,300,312**	**1,012,359**	**379,172**	**6,691,843**	6,684,545	987,008	961,823	8,633,376
Total expenses before depreciation	**12,176,618**	**2,988,626**	**1,117,101**	**16,282,345**	13,214,037	2,817,311	1,739,379	17,770,727
Depreciation	**606,151**	**134,936**	**–**	**741,087**	663,497	37,591	–	701,088
Total expenses	**$ 12,782,769**	**$ 3,123,562**	**$ 1,117,101**	**$ 17,023,432**	$ 13,877,534	$ 2,854,902	$ 1,739,379	$ 18,471,815

See accompanying notes to consolidated financial statements.

1. Nature of Organization

Boys & Girls Clubs of Central Florida, Inc. (BGCCF) is a nonprofit organization that was established to provide behavioral prudence and to promote the health and the social, educational, vocational and character development of boys and girls in the Central Florida area.

On August 15, 2018, BGCCF formed the Boys & Girls Clubs of Central Florida Foundation, Inc. (the Foundation) and transferred its board-designated endowment, as further discussed in Note 8. The Foundation was established to support the operations of BGCCF. The Board of Directors of BGCCF (the Board) has the ability to appoint the majority of the Board of Directors of the Foundation. Therefore, the Foundation's financial statements are consolidated with BGCCF's financial statements since BGCCF has controlling financial interest in the Foundation.

On November 22, 2019, BGCCF formed BGCCF NMTC, Inc. (NMTC) as a supporting entity to support the operations of BGCCF, including expansion of facilities. This entity also facilitated the new market tax credit financing, as further discussed in Note 6. BGCCF has the ability to appoint the majority of the Board of Directors of NMTC. Therefore, NMTC's financial statements are consolidated with BGCCF's financial statements since BGCCF has controlling financial interest in NMTC.

2. Summary of Significant Accounting Policies

Basis of Accounting and Principles of Consolidation

The consolidated financial statements include the financial statements of BGCCF, the Foundation and NMTC (collectively the Organization). All significant intercompany balances and transactions have been eliminated upon consolidation.

The consolidated financial statements of the Organization are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Operating and Non-Operating Revenues and Support

Operating revenues and support were received to support current mission related activities of the Organization, while non-operating revenues and support are from contributions and bequests and related investment returns that are not available for current mission related activities.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Assets Limited as to Use

Assets limited as to use include cash and cash equivalents and investments which are held for a board designated endowment, and board designated for capital projects and loan proceeds which are held in restricted cash accounts for payment of expenses related to the construction of the Jacqueline Bradley Clarence Otis (JBCO) building as discussed in Note 10, as well as interest and service charges related to the notes payable discussed in Note 6. These cash accounts are legally restricted and the Organization must obtain certain approvals prior to withdrawals.

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are combined with investment income earned during the period and presented as investment return on the accompanying consolidated statements of activities. Investment expenses are netted against investment income.

Grants and Contributions Receivable

Grants receivable represent amounts owed to the Organization from federal, state and local governments for services rendered under contractual obligations and grants from Boys & Girls Club of America, corporations and foundations. All outstanding grants receivable are expected to be collected within one year and are considered collectible and an allowance for uncollectible amounts was not recorded.

Contributions receivable consist of unconditional promises to give and are recorded when the promises to contribute are made. Contributions receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Organization provides an allowance for uncollectible contributions based on historical collection experience.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value on the date received if donated. Buildings and equipment are depreciated using the straight-line method over the estimated life of the assets.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During fiscal years 2020 and 2019, there was no impairment of long-lived assets.

Accounting Pronouncement Adopted

In June 2018 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The Organization adopted ASU 2018-08 on a modified prospective basis as of July 1, 2019. There was no cumulative impact of adoption ASU 2018-08 to the consolidated financial statements, thus no adjustment to the opening balance of net assets was recorded.

The Organization reviewed all funds received that are classified as government revenues, contributions and United Way on the consolidated statements of activities and determined the resource providers do not receive direct and commensurate value in return for the funding and therefore will be accounted for as contribution revenue under ASU 2018-08. The Organization determined that other funds received do not meet the definition of a contribution under ASU 2018-08 and were therefore accounted for as exchange transactions.

Contribution Revenue and Donor-Imposed Restrictions

The Organization records unconditional promises to give as contribution revenue when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, this is those with a measurable performance barrier or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Organization did not have any conditional contributions at June 30, 2020.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset class.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

Other Operating Revenues

The ticket portion of special event revenue is recognized when the event takes place with any amounts received in advance of the event recognized as deferred revenue. The contribution portion of special events revenue is also recognized when the event takes place unless the donor has waived the right to a refund, in which case revenue is recognized when received. Contributions received in advance of the event with no waived right of refund are recognized as refundable advances.

Dues and program services are recognized as revenue as services are provided. Amounts received in advance of services being performed are recognized as deferred revenue.

Contributed Use of Land

Contributed use of land represents unconditional contributions of land underlying the Organization's facilities under lease agreements with third parties (see Note 10). Contributed use of land is recorded as an asset and contribution with donor restrictions at fair value of the underlying asset when the unconditional contribution is received. The contribution is included in net assets with donor restrictions and is released from restrictions over the lease term as the land is being used.

In-Kind Contributions and Contributed Services

Donated goods and services are recorded at fair value on the date donated and presented as in-kind contributions in the accompanying consolidated statements of activities. Donated facilities rent represents the excess of the fair rental value of building leases over below market rent payments due under lease agreements. The Organization received the following in-kind contributions, which are included in the consolidated statements of activities as in-kind contributions:

Year Ended June 30,	**2020**	2019
Facilities rent	**$ 1,500,062**	$ 1,852,827
Property and equipment	**294,994**	375,000
Professional services	**60,997**	75,910
Program materials and supplies	**32,052**	139,178
Advertising	**—**	3,550
Auction items for special events	**62,678**	268,181
Theme park tickets	**226,886**	389,385
Other	**21,909**	13,100
Total	**$ 2,199,578**	$ 3,117,131

Contributed services are recognized as contributions and recorded at fair value if the services create or enhance nonfinancial assets, require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization. During the year ended June 30, 2020, the Organization received approximately $141,000 of contributed services consisting mainly of legal and engineering fees. During the year ended June 30, 2019, the Organization received approximately $451,000 of contributed services consisting mainly of legal and architectural fees. These contributed services are reflected as in-kind contribution revenue on the accompanying consolidated statements of activities and the related expense is recorded in its natural classification on the accompanying statements of functional expenses. The Organization has numerous volunteers providing assistance to the Organization's program services and fundraising campaigns which are not recognized in the accompanying consolidated financial statements.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions represents funds that are available without restriction for carrying out the Organization's objectives and funds that have been designated by the Board.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Amounts received that are to be maintained by the Organization in perpetuity are reported as contributions with donor restrictions.

Functional Expenses

The costs of providing the various programs and other activities have been summarized as program services, management and general, and fundraising. Employer and payroll related expenses are allocated among functional categories based on the proportion of time spent relative to each function. All other expenses are directly charged to the functional category to which they relate.

Fair Value of Financial Instruments

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 – Valuation based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management’s best estimate of what market participants would use as fair value.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, grants receivable, contributions receivable due in one year or less, and accounts payable and accrued expenses. Contributions due beyond one year are recorded at their net present value using a risk-free interest rate available on U.S. Treasury issues at the date the pledge was made with an equivalent term approximately equal to the number of years the contribution will be paid, which approximates fair value. The Organization’s leverage loan receivable and notes and loan payable are estimated based on current rates that would be available for debt of similar terms which is not significantly different from their stated value.

The Organization's Level 1 financial assets consist of investments identified in Note 3 and are valued on a daily basis in an active market. There were no Level 2 or 3 financial assets or liabilities.

Income Taxes

BGCCF, the Foundation and NMTC are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions in the Florida Income Tax Code.

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated statements of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years currently subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Use of Estimates

The preparation of consolidated 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018 using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). In June 2020, FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606)* that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of its pending adoption of ASU 2014-09 on its consolidated financial statements and has not yet determined the method by which it will adopt the standard.

Contributions Made

ASU 2018-08 will also assist in the determination of the nature of contributions made by resource providers, which will govern the expense recognition methodology and timing of when the expenditure should be recognized. ASU 2018-08 is effective for contributions made by the Organization in the period beginning after December 15, 2019. The Organization is currently evaluating the impact of ASU 2018-08 on its contributions made in the consolidated financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 which permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. In June 2020, FASB issued *Leases (Topic 842)* that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Reclassifications

Certain items have been reclassified in the 2019 consolidated financial statements to conform to the 2020 presentation. There was no impact on change in net assets as a result of these reclassifications.

3. Investments and Assets Limited as to Use

Investments

The Organization's investments consist of the following:

June 30,	**2020**	2019
Level 1:		
Small cap equities	**$ 2,654,718**	$ 840,399
Mid cap equities	**—**	1,261,796
Large cap equities	**4,104,186**	3,615,216
International equities	**1,266,032**	1,053,493
Fixed income mutual funds	**7,376,082**	5,117,628
	$ 15,401,018	$ 11,888,532

The Organization's investments are included in the following captions on the consolidated statements of financial position:

June 30,	**2020**	2019
Investments	**$ 1,837,547**	$ 6,582,453
Assets limited as to use	**13,563,471**	5,306,079
	$ 15,401,018	$ 11,888,532

Investment return consists of the following:

Year Ended June 30,	**2020**	2019
Net realized and unrealized gains on investments	**$ 91,581**	$ 633,552
Dividends and interest	**517,057**	560,977
Investment management fees	**(89,404)**	(53,974)
	$ 519,234	$ 1,140,555

Assets Limited as to Use

Assets limited as to use are as follows:

June 30,	**2020**	2019
Cash and cash equivalents held as board designated endowment	**$ 1,889,701**	$ 10,176,774
Investments held as board designated endowment	**13,563,471**	5,306,079
Cash and cash equivalents held in restricted cash accounts for JBCO building	**7,736,522**	—
Cash and cash equivalents held as board designated for capital projects	**978,954**	2,685,388
	$ 24,168,648	$ 18,168,241

4. Grants and Contributions Receivable

Grants and contributions receivable are due as follows:

June 30,	2020	2019
Less than one year	$ 3,366,355	$ 7,817,730
One to five years	1,794,076	2,320,565
More than five years	560,594	293,141
	5,721,025	10,431,436
Less: allowance for uncollectible contributions receivables	(201,853)	(185,867)
Less: present value discount on contributions receivable ranging from 0.29% to 2.73%	(89,581)	(106,757)
	$ 5,429,591	$ 10,138,812
Grants and contributions receivable, current portion, net	$ 3,164,502	$ 7,631,863
Contributions receivable, long term, net	2,265,089	2,506,949
	$ 5,429,591	$ 10,138,812

5. Property and Equipment

Property and equipment is summarized as follows:

June 30,	Useful Life	2020	2019
Land	—	$ 419,650	$ 419,650
Buildings and improvements	5-40 years	24,751,539	21,517,381
Furniture and equipment	5-10 years	1,970,365	1,921,150
Automotive equipment	5 years	519,037	519,037
Buildings construction in progress	—	2,724,905	1,798,564
		30,385,496	26,175,782
Less: accumulated depreciation		(7,528,411)	(7,078,494)
		$ 22,857,085	$ 19,097,288

6. Leverage Loan Receivable, Notes Payable and New Market Tax Credit Financing

On December 31, 2019, NMTC entered into a Loan Agreement and related notes payable in connection with a new market tax credit transaction (transaction) to help finance the construction of the Joe R. Lee and JBCO clubs. The New Market Tax Credit Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDEs). CDEs use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas under favorable economic terms, typical of this type of tax credits-based transaction.

The transaction is composed of several sub-transactions, as described below:

QALICB: For the sole purpose of facilitating the transaction as a Qualified Active Low-Income Community Business (QALICB), BGCCF created NMTC, which was formed pursuant to the filing of those certain Articles of Incorporation with the Florida Secretary of State on November 22, 2019.

Leverage Loan: As part of the transaction, BGCCF committed to lend $9,368,000 to an Investment Fund owned by U.S. Bancorp Community Development Corporation (Investor). Fees totaling $200,000 were deducted from this amount and the net of $9,168,000 was contributed to the Investment Fund and is shown as leverage loan receivable on the accompanying consolidated statement of financial position as of June 30, 2020. The proceeds of this leverage loan were used by the Investment Fund towards making a QEI into three CDEs as listed below. The Leverage Loan bears an interest rate of 0.81046%, matures on September 30, 2049 and is collateralized by the Investor's equity interests in the CDEs.

Investment by Investor: As part of the transaction, the Investor contributed $4,157,400 as an equity investment into the Investment Fund. Fees totaling $325,400 were deducted from this amount and the net of $3,832,000 was contributed to the Investment Fund.

Allocation of Investment Fund to Sub-CDEs: The $13,000,000 total Investment Fund created as a result of the transactions above was allocated between three Sub-CDEs as follows: (i) PCC Sub-CDE 11, LLC (PCC) for $5,000,000; (ii) BBIF Subsidiary CDE 10, LLC (BBIF) for $4,000,000; and (iii) USBCDE Sub-CDE 194, LLC (USB) for $4,000,000. A total of $280,000 in fees was deducted at the time of allocation by the Sub-CDEs, which resulted in a net amount of $12,720,000 available to lend.

Qualified Low-Income Community Investment (QLICI Loans): Under the transaction the following QLICI A and B loans were made to NMTC from the Sub-CDEs and included in notes payable in the accompanying consolidated statements of financial position:

June 30, 2020	
1. QLICI Loan A (USB)	**$ 2,802,462**
2. QLICI Loan B (USB)	**1,157,538**
3. QLICI Loan A (BBIF)	**2,962,462**
4. QLICI Loan B (BBIF)	**997,538**
5. QLICI Loan A (PCC)	**3,403,076**
6. QLICI Loan B (PCC)	**1,396,924**
Total notes payable	**12,720,000**
Less: unamortized loan costs	**(642,892)**
Notes payable, net	**$ 12,077,108**

The QLICI Loans bear interest at a fixed rate equal to 0.81046% and mature on September 30, 2049. The QLICI Loans are secured by cash and cash equivalents, which are included in assets limited as to use on the accompanying consolidated statements of financial position, and the assignment of any rent revenue NMTC receives from BGCCF for operations at the JRL and JBCO facilities.

Neither BGCCF nor NMTC controls or has economic interest in the assets of either the QEI or the CDEs. The QEI is controlled and wholly owned by US Bank, and the Investment Fund controls and funds the CDEs.

Effective December 31, 2019, BGCCF entered into an unconditional continuing guarantee of obligations agreement with the CDEs under which BGCCF guarantees compliance with all payments, obligations, duties and agreements of the Organization under the terms of the debt agreements.

In order for the Investor to earn the tax credit, the QEI must remain invested in the CDEs for a seven-year period from January 1, 2020 through December 31, 2026 (Compliance Period). NMTC has significant reporting requirements to its lenders, including financial reports and community impact reports during the Compliance Period. NMTC is restricted against accumulating and holding certain types of assets (including options, stocks, promissory notes and excess cash), having its own employees, or otherwise engaging in activities unrelated to BGCCF. Provided NMTC satisfies the foregoing requirements and avoids violating the foregoing restrictions, it will remain in substantial compliance with its obligations pursuant to the financing.

BGCCF and the Investor have executed a Put and Call Agreement to take place at the end of the Compliance Period. Under the Put and Call Agreement, the Investor can exercise a put option to sell all its interest in the Investment Fund for $1,000 to BGCCF. If the Investor does not exercise the put option within six months after the Compliance Period, BGCCF can exercise a call option to purchase the interest of the Investment Fund at an appraised fair market value. The intention is for the Investor to exercise the put option at the end of the Compliance Period in order to allow them to pursue other new market tax credit projects and management believes that there is no incentive for the Investor to stay in the project thereafter. These put/call options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in BGCCF's consolidated financial statements.

Assuming compliance with the requirements of the transaction, management intends on exercising the Put and Call Agreement at the end of the Compliance Period. Upon the put option being exercised, NMTC will be dissolved, and its net assets will be transferred to BGCCF. The Put and Call Agreement will allow BGCCF to gain control of the Investment Fund, there would be no residual amounts due to or from any external third parties, and BGCCF would record a net gain associated with the dissolution of the $9,168,000 Leverage Loan Receivable from the Investment Fund and the $12,720,000 QLICI Loans Payable. After transaction expenses of approximately $692,000, BGCCF expects this net gain after dissolution to be approximately $2,860,000 to help finance the construction of JBCO Club.

7. Profit-Sharing Plan

The Organization established a 401(k) profit sharing plan (the Plan) effective January 1, 2005. Employees must be 21 years of age and must have completed one year of full-time employment before they become eligible to participate. The Plan provides a graded vesting schedule from two to six years of service. The Organization will contribute the equivalent of 7% of the employee's salary as a profit sharing contribution and provides for a safe harbor match whereby the Organization will contribute, on a matching basis, a dollar for dollar match on the first 3% of employee contribution and a 50% match on the next 2%. The Organization's policy is to fund the Plan's administrative costs. Contributions to the Plan for the years ended June 30, 2020 and 2019, were $444,002 and $418,349, respectively, and are included in employee benefits in the accompanying consolidated statements of functional expenses.

8. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

June 30,	**2020**	2019
Designated for property and equipment	**$ 22,857,085**	$ 19,097,288
Board-designated endowment	**15,453,172**	15,482,853
Board-designated for capital replacement reserve	**978,954**	2,685,388
Undesignated net assets (deficit)	**(285,334)**	1,417,795
	$ 39,003,877	$ 38,683,324

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

June 30,	**2020**	2019
Capital expenditures	**$ 10,575,656**	$ 11,109,235
United Way time restricted grants	**264,834**	327,292
Time restricted contributions	**1,621,799**	1,623,600
Contributed use of land	**764,476**	—
Program operations	**1,795,264**	2,032,579
Total subject to expenditure for specified purpose or period	**15,022,029**	15,092,706
Endowment funds restricted in perpetuity	**1,190,737**	1,190,737
Total	**$ 16,212,766**	$ 16,283,443

The intent of the Organization’s capital fundraising campaign, as determined by the Board, is that upon satisfaction of donors’ restrictions for capital expenditures, any remaining contributions not spent will be designated by the Board and become a board-designated capital replacement reserve for operating the related capital projects, at which time the remaining funds will be released to net assets without donor restrictions.

Net assets were released from donor restrictions as follows:

Year Ended June 30,	**2020**	2019
Capital expenditures	**$ 1,533,925**	$ 1,415,496
United Way time restricted grants	**207,111**	196,626
Time restricted contributions	**570,926**	572,399
Program operations	**772,326**	554,689
	$ 3,084,288	$ 2,739,210

Permanent and Board Designated Endowments

The Organization records its donor restricted endowment funds as net assets with donor restrictions. These assets consist of investments held in perpetuity with investment income used to support general operations, the Youth of the Year program and the Joe R. Lee Club operations. Net assets with donor restrictions include the principal of donor restricted endowments that must be maintained permanently and not used up, expended or otherwise exhausted.

In April 2018, the Board of Directors approved the establishment of a board-designated endowment fund in the amount of $14,116,771. The purpose of this fund is to fund future operating costs of BGCCF. During fiscal year 2019, the Board approved the formation of the Foundation and transferred the board-designated endowment to the Foundation.

The Organization's return objective for endowment funds are low yield based on risk parameters that are also very low to protect the endowment corpus. The amount of endowment funds available for distributions is determined on the basis of a total-return principal and will not be dependent upon income generated through interest or dividends. The endowment funds available for distribution during any one year will be limited to five percent of the market value of the corpus, effective December 31 of the given year. Distributions may also be made upon written request of the President, with Board approval.

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 is as follows:

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	**$ 15,453,172**	**$ —**	**$ 15,453,172**
Donor restricted endowment funds	**18,546**	**1,837,372**	**1,855,918**
	$ 15,471,718	**$ 1,837,372**	**$ 17,309,090**

June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 15,482,853	$ —	$ 15,482,853
Donor restricted endowment funds	17,693	1,764,880	1,782,573
	$ 15,500,546	$ 1,764,880	$ 17,265,426

Changes in the Organization's endowment's net assets for the years ended June 30, 2020 and 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2018	$ 14,477,729	$ 1,682,951	$ 16,160,680
Contributed support	—	1,500	1,500
Interest and dividends	480,088	48,657	528,745
Net realized and unrealized gain on investments	589,562	43,990	633,552
Investment fees	(46,833)	(7,141)	(53,974)
Distributions	—	(5,077)	(5,077)
Endowment net assets at June 30, 2019	15,500,546	1,764,880	17,265,426
Contributed support	**—**	**2,100**	**2,100**
Interest and dividends	**449,816**	**41,707**	**491,523**
Net realized and unrealized gain on investments	**52,734**	**37,468**	**90,202**
Investment fees	**(81,378)**	**(8,026)**	**(89,404)**
Distributions	**(450,000)**	**(757)**	**(450,757)**
Endowment net assets at June 30, 2020	**$ 15,471,718**	**$ 1,837,372**	**$ 17,309,090**

The Board of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary or original. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Earnings on the donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA or as net assets without donor restrictions.

In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate 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.

9. Financial Assets and Liquidity Resources

The Organization’s financial assets available within one year for general expenditure, which do not include donor restricted or board designated assets, are as follows:

June 30,	**2020**	2019
Cash and cash equivalents	**$ 3,060,467**	$ 1,544,883
Investments	**176**	1,134,191
Grants and contributions receivable, net	**700,543**	692,938
Net financial assets and liquidity resources available within one year	**$ 3,761,186**	$ 3,372,012

The Organization’s endowment funds consist of board designated and donor-restricted endowments. The board designated endowment consists of a bequest, which is held by the Foundation to support future operating costs of BGCCF. The Board has approved an annual contribution from the Foundation to BGCCF in the amount of $771,000 beginning in fiscal year 2021 subject to the spending policy of no more than five percent of the market value of the board designated endowment fund. Income from the donor-restricted endowment is restricted for general and specific program operations. Endowment funds are invested with the objective of preserving capital and liquidity while seeking an appropriate level of investment return. Excess cash generated by operations is placed in appropriate short-term vehicles to maintain capital, liquidity and diversification.

10. Commitments and Contingencies

Operating Leases

The Organization has entered into a non-cancelable lease for program space under an agreement with a maturity date in March 2020. Rental expense for the years ended June 30, 2020 and 2019, was $140,654 and $143,915, respectively, and is included in occupancy on the consolidated statements of functional expenses. Since many of the Organization's leases are month-to-month, the minimum contractual future rental payments are nominal.

Nassau Clubs

Effective July, 1, 2017, the Organization entered into a Support Agreement and Lease Agreement with The Boys & Girls Club of Nassau County Foundation, Inc. (Nassau Foundation) which provides for funding of operations and leasing of its facilities. The Nassau Clubs will be managed and operated by the Organization and Nassau Foundation will fund the operations. In addition, the Nassau Foundation will pay to the Organization an administrative fee of 8% of the annual direct operational expenses of the Nassau Clubs which was $74,176 and $78,874 during the years ended June 30, 2020 and 2019, respectively, and recorded as contributions revenue on the accompanying consolidated statements of activities. The Support Agreement can be terminated by either party upon six months' notice in writing. The Lease Agreement provides for annual payments of $10 with automatic annual extensions unless terminated by either party in writing 30 days prior to the end of the term.

Joe R. Lee and JBCO Clubs

During fiscal 2020, BGCCF entered into two separate lease agreements with third parties for $1 per year for the lease of the land underlying the Joe R. Lee and JBCO facilities for a period of 99 and 40 years, respectively. The fair rental value of the contributed land was $487,870 and $282,272 for the Joe R. Lee and JBCO, respectively, and was recorded as contributed use of land with donor restrictions in the accompanying consolidated statements of activities. In accordance with Accounting Standards Codification Topic 958-605, *Not for Profit Entities*, no discount was recorded on this multi-year contribution as the future fair value of the land is difficult to determine. Under the term of the land lease underlying the JBCO facility, BGCCF agreed to construct an after-school facility of which BGCCF will operate and maintain during the lease term. At the end of the lease term, the ownership of JBCO facility will revert to the landlord.

JBCO Club Construction Commitment

At June 30, 2020, the Organization has a remaining commitment to a contractor for the construction of the JBCO Club for approximately $6,752,000. Costs incurred to construct the JBCO Club as of June 30, 2020 were approximately $2,654,000 and are included in buildings construction in progress within property and equipment (see Note 5). The construction is expected to be complete in February 2021 with approximately $6,799,000 of total costs to complete as of June 30, 2020.

Legal

The Organization is subject to claims and legal proceedings which arise in the ordinary course of business. Management believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position or results of activities of the Organization.

Cyber Event

Subsequent to year end, the Organization was made aware of a Blackbaud, Inc. (Blackbaud) ransomware attack on certain accounting and donor database information maintained by Blackbaud on behalf of the Organization. Blackbaud has communicated to management that the ransomware attack did not result in the exposure of any unencrypted accounting information. Management has conducted an internal audit to verify that there is no impact, which includes consultation with outside legal counsel. As of the date of this report, no significant financial impact is expected from this breach, however this matter is still ongoing and a final conclusion cannot be made.

11. Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents and investments. Cash and cash equivalents include checking and money market accounts placed with federally insured financial institutions and investments. Cash and cash equivalents may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts. Investments consist primarily of fixed income mutual and exchange traded funds and equities. Although the market value of investments is subject to fluctuations on a day-to-day basis, management believes the current investment strategy is prudent for the long-term welfare of the Organization.

12. Economic Dependency

The Organization earned revenues from Orange County, Florida, which represented 17% and 12% of the Organization's total operating revenue and support for the years ended June 30, 2020 and 2019, respectively. In addition, during 2020 and 2019, the Organization earned revenues from the federal government which represented approximately 10% and 9%, respectively, of the Organization's total operating revenue and support. As such, the Organization is dependent upon the continued support of Orange County, Florida and the federal government to provide funding for the Organization's programs and operations.

13. Related Party Transactions

In the ordinary course of business, the Organization enters into transactions with other organizations that have individuals who serve on the Organization's Board. These transactions are made at arm's length. The Organization obtains its general liability and property insurance through a company whose owner is also a member of the Board. Amounts paid to this company were $363,995 and $326,173 for the years ended June 30, 2020 and 2019, respectively. The Organization paid a vendor $69,398 and $8,490 for the years ended June 30, 2020 and 2019, respectively, for legal fees associated with general matters and building of clubs, who is also a member of the Board of Directors. Details of all related party transactions which meet applicable reporting requirements can be found in Internal Revenue Service Form 990 which the Organization files annually.

14. COVID-19 and CARES Act

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of the pandemic, the Organization ceased program operations during the majority of the last quarter of fiscal 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Organization's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. This situation is expected to depress donations and government appropriations during fiscal year 2021, which may hinder the Organization's ability to advance its mission. As such, the Organization's financial condition and liquidity may be negatively impacted for the fiscal year 2021. Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization's results of future operations, financial position, and liquidity in fiscal year 2021.

CARES Act

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Organization applied for, and received, funds under the Paycheck Protection Program in the amount of $1,839,000 on April 14, 2020. This loan bears interest at a rate of 1% per annum and monthly payments of principal plus interest in the amount of approximately $103,000 are scheduled to begin in August 2021 if the loan is not forgiven. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria.

The Organization continues to examine the impact that the CARES Act may have on its business. Currently, the Organization is unable to determine the impact that the CARES Act will have on its financial condition, results of operation, or liquidity.

15. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to June 30, 2020 as of November 20, 2020, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after November 20, 2020 have not been evaluated by management. No material events have occurred since June 30, 2020 that require recognition or disclosure in the consolidated financial statements.

Supplementary Information

Tel: 407-841-6930
Fax: 407-841-6347
www.bdo.com

450 South Orange Ave., Suite 550
Orlando, FL 32801

Independent Auditor's Report on Supplementary Information

Board of Directors
Boys & Girls Clubs of Central Florida, Inc.

Our audits of the consolidated financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Certified Public Accountants
November 20, 2020

Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidating Statement of Financial Position

June 30, 2020	Boys & Girls Clubs of Central Florida, Inc.	Boys & Girls Clubs of Central Florida Foundation, Inc.	BGCCF NMTC, Inc.	Eliminations	Total
Assets					
Current:					
Cash and cash equivalents	$ 6,721,599	$ –	$ 22,250	$ –	$ 6,743,849
Grants and contributions receivable, current portion, net	3,164,502	–	–	–	3,164,502
Prepaid expenses	273,135	5,247	–	–	278,382
Due from NMTC	8,140	–	–	(8,140)	–
Land held for sale	30,100	–	–	–	30,100
Total current assets	10,197,476	5,247	22,250	(8,140)	10,216,833
Property and equipment, net	15,717,369	–	7,139,716	–	22,857,085
Other assets:					
Assets limited as to use	2,019,515	14,412,611	7,736,522	–	24,168,648
Investments	176	1,837,371	–	–	1,837,547
Contributions receivable, long term, net	2,265,089	–	–	–	2,265,089
Contributed use of land	764,476	–	767,781	(767,781)	764,476
Leverage loan receivable	9,168,000	–	–	–	9,168,000
Other	81,470	–	–	–	81,470
Total other assets	14,298,726	16,249,982	8,504,303	(767,781)	38,285,230
	$ 40,213,571	$ 16,255,229	$ 15,666,269	$ (775,921)	$ 71,359,148
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 183,098	$ –	$ 875,854	$ –	$ 1,058,952
Accrued expenses	448,024	–	–	–	448,024
Refundable advances	500,396	–	–	–	500,396
Deferred revenues	218,725	–	–	–	218,725
Due to BGCCF	–	–	8,140	(8,140)	–
Total current liabilities	1,350,243	–	883,994	(8,140)	2,226,097
Notes payable, net	–	–	12,077,108	–	12,077,108
Loan payable - SBA Paycheck Protection Program	1,839,300	–	–	–	1,839,300
Total liabilities	3,189,543	–	12,961,102	(8,140)	16,142,505
Commitments and contingencies					
Net assets:					
Without donor restrictions	20,882,411	16,184,080	1,937,386	–	39,003,877
With donor restrictions	16,141,617	71,149	767,781	(767,781)	16,212,766
Total net assets	37,024,028	16,255,229	2,705,167	(767,781)	55,216,643
	$ 40,213,571	$ 16,255,229	$ 15,666,269	$ (775,921)	$ 71,359,148

Boys & Girls Clubs of Central Florida, Inc. and Subsidiaries

Consolidating Statement of Activities

	Boys & Girls Clubs of Central Florida, Inc.			Boys & Girls Clubs of Central Florida Foundation, Inc.			BGCCF NMTC, Inc.				
Year Ended June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
Operating revenues and support:											
Government revenues	$ 6,409,681	$ –	$ 6,409,681	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 6,409,681
Contributions	3,988,980	1,032,987	5,021,967	133,250	–	133,250	–	–	–	(450,000)	4,705,217
In-kind contributions	2,199,578	–	2,199,578	–	–	–	–	–	–	–	2,199,578
United Way	273,587	144,654	418,241	–	–	–	–	–	–	–	418,241
Special events	278,798	–	278,798	–	–	–	–	–	–	–	278,798
Dues and program services	423,655	–	423,655	–	–	–	–	–	–	–	423,655
Other revenues	548,417	–	548,417	–	–	–	18,542	–	18,542	(18,542)	548,417
Contributed use of land	5,666	764,476	770,142	–	–	–	2,361	767,781	770,142	(770,142)	770,142
Net assets released from restrictions	3,084,288	(3,084,288)	–	–	–	–	–	–	–	–	–
Total operating revenues and support	17,212,650	(1,142,171)	16,070,479	133,250	–	133,250	20,903	767,781	788,684	(1,238,684)	15,753,729
Operating expenses:											
Program services	12,744,534	–	12,744,534	450,000	–	450,000	59,138	–	59,138	(470,903)	12,782,769
Supporting services:											
Management and general	2,957,174	–	2,957,174	26,558	–	26,558	139,830	–	139,830	–	3,123,562
Fundraising	1,117,101	–	1,117,101	–	–	–	–	–	–	–	1,117,101
Total operating expenses	16,818,809	–	16,818,809	476,558	–	476,558	198,968	–	198,968	(470,903)	17,023,432
Change in operating net assets	393,841	(1,142,171)	(748,330)	(343,308)	–	(343,308)	(178,065)	767,781	589,716	(767,781)	(1,269,703)
Non-operating revenues, support and transfers:											
Transfer of assets	(6,586,750)	–	(6,586,750)	1,596,041	–	1,596,041	4,990,709	–	4,990,709	–	–
Reimbursement to BGCCF	2,875,258	–	2,875,258	–	–	–	(2,875,258)	–	(2,875,258)	–	–
Contributions restricted for capital projects	–	1,000,346	1,000,346	–	–	–	–	–	–	–	1,000,346
Investment return, net	339,650	–	339,650	108,435	71,149	179,584	–	–	–	–	519,234
Total non-operating revenues, support and transfers	(3,371,842)	1,000,346	(2,371,496)	1,704,476	71,149	1,775,625	2,115,451	–	2,115,451	–	1,519,580
Change in net assets	(2,978,001)	(141,825)	(3,119,826)	1,361,168	71,149	1,432,317	1,937,386	767,781	2,705,167	(767,781)	249,877
Net assets, beginning of year	23,860,411	16,283,443	40,143,854	14,822,912	–	14,822,912	–	–	–	–	54,966,766
Net assets, end of year	$20,882,410	$16,141,618	$37,024,028	$16,184,080	$ 71,149	$16,255,229	$ 1,937,386	$ 767,781	$ 2,705,167	$ (767,781)	$55,216,643