

BOYS & GIRLS CLUBS OF METROWEST, INC.

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021



**BOYS & GIRLS CLUBS OF METROWEST, INC.
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INDEPENDENT AUDITORS' REPORT

October 3, 2023

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

Opinion

We have audited the accompanying financial statements of Boys & Girls Clubs of Metrowest, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, statements of functional expense and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Metrowest, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Boys & Girls Clubs of Metrowest, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Metrowest, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 generally accepted 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 generally accepted 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 Boys & Girls Clubs of Metrowest, Inc.'s 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 Boys & Girls Clubs of Metrowest, Inc.'s 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.

O'Connor, Maloney and Company

Certified Public Accountant

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

Current	2022	2021
Cash and Cash Equivalents	1,358,004	924,452
Accounts Receivable, Net	81,134	122,235
Grants Receivable	208,798	230,507
Prepaid Expenses	27,699	17,180
Investments	<u>752,693</u>	<u>871,055</u>
Total	<u>2,428,328</u>	<u>2,165,429</u>
Property, Plant and Equipment, Net	<u>1,686,962</u>	<u>1,629,496</u>
Other Assets		
Security Deposits	10,000	10,000
Gift Cards	4,254	2,338
Operating Lease Right-of-Use Asset	<u>301,506</u>	<u>-</u>
Total	<u>315,760</u>	<u>12,338</u>
Total Assets	<u><u>4,431,050</u></u>	<u><u>3,807,263</u></u>

LIABILITIES AND NET ASSETS

Current		
Current Portion of Long-Term Debt	55,901	43,891
Current Portion of Right-of-Use Operating Lease Liability	193,648	-
Accounts Payable	25,588	9,015
Accrued Expenses	<u>102,190</u>	<u>108,037</u>
Total	<u>377,327</u>	<u>160,943</u>
Long-Term Debt, Net		
Long-Term Debt, Net	95,620	358,213
Right-of-Use Operating Lease Liability, Net	<u>110,573</u>	<u>-</u>
Total	<u>206,193</u>	<u>358,213</u>
Total Liabilities	<u>583,520</u>	<u>519,156</u>
Net Assets		
Without Donor Restrictions		
Undesignated	2,872,960	2,233,000
Board Designated	<u>634,306</u>	<u>710,730</u>
Total	<u>3,507,266</u>	<u>2,943,730</u>
With Donor Restrictions	<u>340,264</u>	<u>344,377</u>
Total	<u>3,847,530</u>	<u>3,288,107</u>
Total Liabilities and Net Assets	<u><u>4,431,050</u></u>	<u><u>3,807,263</u></u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Without Donor Restrictions	2022 With Donor Restrictions	Total	Without Donor Restrictions	2021 With Donor Restrictions	Total
Support and Revenue						
Program Revenue	1,495,001	-	1,495,001	1,198,958	-	1,198,958
Grants	2,112,556	20,881	2,133,437	140,283	1,361,560	1,501,843
Special Events, Net	76,272	-	76,272	-47,704	50,945	98,649
Contributions	128,273	100,000	228,273	149,404	67,878	217,282
Capital Campaign	142,927	60,000	202,927	-	16,827	16,827
Other Income	13,684	-	13,684	18,429	821	19,250
Recovery of Bad Debt	-	-	-	270	-	270
Rental Income	65,457	-	65,457	53,691	-	53,691
Cancellation of Debt	-	-	-	674,523	-	674,523
Investment Return	(106,302)	-	(106,302)	123,664	-	123,664
In-Kind Donations	1,950	-	1,950	-	-	-
Gain on Sale of Capital Asset	600	-	600	650	-	650
Net Assets Released from Restrictions	184,994	(184,994)	-	1,539,383	(1,539,383)	-
Total Support and Revenue	4,115,412	(4,113)	4,111,299	3,946,959	(41,352)	3,905,607
Expenses						
Program Services	2,977,921	-	2,977,921	2,475,888	-	2,475,888
General and Administrative	351,910	-	351,910	306,166	-	306,166
Fundraising	222,045	-	222,045	201,440	-	201,440
Total Expenses	3,551,876	-	3,551,876	2,983,494	-	2,983,494
Change in Net Assets	563,536	(4,113)	559,423	963,465	(41,352)	922,113
Net Assets, Beginning	2,943,730	344,377	3,288,107	1,980,265	385,729	2,365,994
Net Assets, Ending	3,507,266	340,264	3,847,530	2,943,730	344,377	3,288,107

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Salaries and Related Costs	1,524,573	234,550	195,458	1,954,581
Health and Retirement Benefits	75,069	11,549	9,624	96,242
Payroll Taxes	118,400	18,215	15,179	151,794
Transportation	195,264	-	-	195,264
Occupancy	261,770	29,086	-	290,856
Utilities	153,140	17,016	-	170,156
Repair and Maintenance	122,917	13,657	-	136,574
Program Expense	117,870	-	-	117,870
Interest Expense	10,374	1,153	-	11,527
Bad Debt Expense	36,743	-	-	36,743
Dues and Licensing	30,467	3,385	-	33,852
General Insurance	26,168	2,908	-	29,076
Professional Fees	74,364	8,263	-	82,627
Supplies	19,945	2,216	-	22,161
Bank and Credit Card Fees	30,311	1,684	1,684	33,679
Training and Professional Development	15,281	804	-	16,085
Marketing Expense	16,728	-	-	16,728
Other Expense	11,604	-	100	11,704
Postage Expense	2,266	252	-	2,518
Travel	3,767	419	-	4,186
Scholarships	2,584	-	-	2,584
Total Expenses Before Depreciation	<u>2,849,605</u>	<u>345,157</u>	<u>222,045</u>	<u>3,416,807</u>
Depreciation	<u>128,316</u>	<u>6,753</u>	<u>-</u>	<u>135,069</u>
Total	<u><u>2,977,921</u></u>	<u><u>351,910</u></u>	<u><u>222,045</u></u>	<u><u>3,551,876</u></u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>General Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Salaries and Related Costs	1,359,901	209,216	174,346	1,743,463
Health and Retirement Benefits	80,489	12,383	10,319	103,191
Payroll Taxes	120,587	18,552	15,460	154,599
Transportation	137,960	-	-	137,960
Occupancy	213,333	23,704	-	237,037
Utilities	111,462	12,385	-	123,847
Repair and Maintenance	63,416	7,046	-	70,462
Program Expense	89,091	-	-	89,091
Interest Expense	18,877	2,097	-	20,974
Dues and Licensing	30,358	3,373	-	33,731
General Insurance	18,344	2,038	-	20,382
Professional Fees	46,739	5,193	-	51,932
Supplies	13,285	1,476	-	14,761
Bank and Credit Card Fees	21,872	1,215	1,215	24,302
Training and Professional Development	6,575	346	-	6,921
Marketing Expense	10,494	-	-	10,494
Other Expense	1,257	-	100	1,357
Postage Expense	3,652	406	-	4,058
Travel	1,245	138	-	1,383
Scholarships	1,597	-	-	1,597
Total Expenses Before Depreciation	<u>2,350,534</u>	<u>299,568</u>	<u>201,440</u>	<u>2,851,542</u>
Depreciation	<u>125,354</u>	<u>6,598</u>	<u>-</u>	<u>131,952</u>
Total	<u><u>2,475,888</u></u>	<u><u>306,166</u></u>	<u><u>201,440</u></u>	<u><u>2,983,494</u></u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	<u>559,423</u>	<u>922,113</u>
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	135,069	131,952
Net Realized and Unrealized (Gain) Loss on Investments	121,749	(112,745)
Cancellation of Debt	-	(674,523)
Amortization of Right of Use Asset	2,715	-
Gain on Sale of Capital Asset	(600)	(650)
(Increase) Decrease in Accounts Receivable, Net	41,101	(39,661)
Decrease in Grants Receivable	21,709	19,339
Increase in Prepaid Expenses	(10,519)	(10,580)
(Increase) Decrease in Gift Cards	(1,916)	7,051
Increase (Decrease) in Accounts Payable	16,573	(71,762)
Increase (Decrease) in Accrued Expenses	<u>(5,847)</u>	<u>49,057</u>
Total Adjustments	<u>320,034</u>	<u>(702,522)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>879,457</u>	<u>219,591</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Capital Asset	600	650
Capital Expenditures	(192,535)	(39,376)
Investment Purchases	(263,211)	-
Proceeds from Sale of Investments	<u>259,824</u>	<u>-</u>
Net Cash and Cash Equivalents Used in Investing Activities	<u>(195,322)</u>	<u>(38,726)</u>
Cash Flows from Financing Activities		
Repayments of Long-Term Debt	(250,583)	(41,135)
Borrowings of Long-Term Debt	<u>-</u>	<u>304,023</u>
Net Cash and Cash Equivalents Provided by (Used in) Financing Activities	<u>(250,583)</u>	<u>262,888</u>
Net Increase in Cash and Cash Equivalents	<u>433,552</u>	<u>443,753</u>
Cash and Cash Equivalents, Beginning	<u>924,452</u>	<u>480,699</u>
Cash and Cash Equivalents, Ending	<u><u>1,358,004</u></u>	<u><u>924,452</u></u>

Supplemental Schedule of NonCash Investing and Financing Activities

Right-of-Use Asset Received in Exchange for Operating Lease Liability	<u>528,625</u>	<u>-</u>
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See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1. Organization

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

Note 2. Summary of Significant Accounting Policies

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

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

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

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

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

Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

Account's receivables are stated net of an allowance for doubtful accounts in the amount of \$6,962 at both December 31, 2022, and 2021.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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

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

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

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support and revenues and expenses. Actual results could vary from the estimates that were used.

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

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

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

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

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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

The Organization accounts for forgivable loans received through the Small Business Administration (SBA) under Coronavirus Aid Relief, and Economic Security Act (CARES Act) Paycheck Protection Program (PPP), as debt (forgiven as of December 31, 2021), in accordance with Accounting Standards Codification (ASC) 470, Debt; and other related accounting pronouncements. The forgiveness of debt, in whole or in part, is recognized once the debt is extinguished, which occurs when the Organization is legally released from the liability by the SBA. Any portion of debt forgiven is recorded as a cancellation of debt in the statement of activities.

Note 3. Grants Receivable

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

Note 4. Investments

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

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

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

Level 2 – Valuations based on quoted prices in the markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Organization held no Level 2 investments at December 31, 2022 and 2021.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 4. Investments (cont.)

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The Organization held no Level 3 investments at December 31, 2022 and 2021.

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

The following is a summary of fair values of investments at December 31, 2022:

Level 1	
Mutual Funds	<u>752,693</u>

The following is a summary of fair values of investments at December 31, 2021:

Level 1	
Mutual Funds	<u>871,055</u>

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

	2022	2021
Interest and Dividends	13,419	10,919
Unrealized Gain/(Loss)	(121,749)	112,745
Realized Gain	<u>2,028</u>	<u>-</u>
Total	<u>(106,302)</u>	<u>123,664</u>

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 5. Property, Plant and Equipment

	2022	2021
Property, Plant and Equipment consists of:		
Land	267,398	267,398
Buildings	1,635,264	1,635,264
Leasehold Improvements	1,572,868	1,487,334
Equipment and Furniture	683,767	629,969
Software	148,814	148,814
Vehicles	113,719	81,718
	<hr/>	<hr/>
Total	4,421,830	4,250,497
Less: Accumulated Depreciation	2,734,868	2,621,001
	<hr/>	<hr/>
Net	<u>1,686,962</u>	<u>1,629,496</u>

Note 6. Retirement Plan

The Organization maintains a defined contribution plan as an affiliate of the Boys & Girls Club of America Pension Plan to provide retirement benefits to eligible employees. The Organization makes contributions of 5% of employee compensation each year and has a six-year vesting schedule. The Organization's contributions totaled \$11,258 for 2022 (\$0 for 2021 as forfeitures were used).

Note 7. Line of Credit

The Organization can borrow under a line of credit agreement of up to \$150,000 which would be due on demand. Interest is payable monthly at the Wall Street Journal Prime plus .25% (3.5% at December 31, 2022). The line is secured by the investments of the Organization amounting to \$315,319 and \$361,202 at December 31, 2022 and 2021, respectively. There were no amounts outstanding on the line of credit as of December 31, 2022 and 2021.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 8. Long-Term Debt

	2022	2021
Long-Term Debt consists of:		
\$1,150,000 mortgage payable to a bank, due in monthly installments of \$5,176, including interest at 4.75%, through October 2029. The note is secured by real estate.	<u>153,505</u>	<u>404,529</u>
	153,505	404,529
Less: Unamortized Debt Issuance Cost	<u>1,984</u>	<u>2,425</u>
	151,521	402,104
Less: Current Portion	<u>55,901</u>	<u>43,891</u>
Net	<u><u>95,620</u></u>	<u><u>358,213</u></u>

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

2023	55,901
2024	58,615
2025	<u>37,005</u>
Total	<u><u>151,521</u></u>

Interest paid on all obligations totaled \$11,527 and \$20,974 in 2022 and 2021, respectively. The Organization made an additional payment of \$200,000 on the note in 2022.

Note 9. Net Assets With Donor Restrictions

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

	2022	2021
Teen Outreach-Recreation, Child Development and Physical Education Activities, Staff Development, Technology Development and STEM Programming	50,000	20,000
Property Plant and Equipment	60,000	10,681
Capital Campaign and Scholarship	9,383	14,383
Time Restriction	120,881	199,313
Permanently Restricted – Reardon Trust	<u>100,000</u>	<u>100,000</u>
Total	<u><u>340,264</u></u>	<u><u>344,377</u></u>

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 10. Net Assets Released from Restrictions

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

	2022	2021
Purpose of restriction accomplished:		
Capital Campaign and Scholarships	5,000	34,587
Teen Outreach-Recreation, Child Development and Physical Education Activities, Staff Development	20,000	108,759
Property Plant and Equipment	10,681	
Occupancy	-	3,000
Satisfaction of Time Restrictions:		
Grants Receivable	<u>149,313</u>	<u>1,393,037</u>
Total	<u><u>184,994</u></u>	<u><u>1,539,383</u></u>

Note 11. Operating Leases

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

The Organization leases space at various Marlborough Public Schools for their programs under a noncancelable operating lease that expires in June 2024. The lease calls for minimum monthly lease payments of \$10,830.83 per month through June 30, 2021, \$11,101.58 per month from July 1, 2021 through June 30, 2022, \$11,379.17 per month from July 1, 2022 through June 30, 2023, and \$11,663.58 from July 1, 2023 through June 30, 2024.

The Organization also leases office equipment under a noncancelable operating lease that expires in March 2026. The lease calls for contingent rental payments based on usage in excess of stipulated amounts.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 11. Operating Leases (cont.)

The weighted-average discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term. Operating leases with a term of 12 months or less are not recorded on the statement of financial position.

Total right-of-use asset and lease liabilities at December 31, 2022 and 2021 are as follows:

	2022	2021
Lease Assets-Classification in Statement of Financial Position:		
Operating Lease Right-of-Use	<u>301,506</u>	<u>-</u>

Lease Liabilities-Classification in Statement of Financial Position:

Operating Lease Liabilities	<u>304,221</u>	<u>-</u>
	2022	2021

Operating Lease Costs:

Minimal Rentals	221,135	174,956
Contingent Rentals	<u>18,996</u>	<u>17,333</u>
Total Short-term Lease Costs	<u>240,131</u>	<u>192,289</u>

Weighted-Average Discount Rate:

Operating leases	3.88%
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Weighted-average remaining lease term:

Operating lease	1.69
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Future minimum rental receipts under these lease agreements are as follows for the years ending:

2023	200,974
2024	89,049
2025	19,068
2026	<u>4,768</u>
Total Lease Payment	313,859
Less: Imputed Interest	<u>(9,638)</u>
Present Value of Liability	<u>304,221</u>

	2022	2021
Operating Cash Flows from Operating Leases	<u>240,131</u>	<u>192,289</u>

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 12. Commitments and Contingencies

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

In an effort to reduce the negative economic impact of the global pandemic (COVID-19), the United States Government provided economic stimulus under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Part of the CARES Act includes a forgivable loan program administered by the Small Business Administration (SBA) called the Paycheck Protection Program (PPP). The Organization received \$370,500 on April 14, 2020 and a second round of funding in the amount of \$304,023 on January 20, 2021. The Organization had twenty-four weeks to use at least sixty percent of the funds of each loan for payroll costs and the remainder for other qualified expenses. The Organization used the funds for the aforementioned criteria and they applied for and received forgiveness in January 2021 and September 2021, respectively, for the full amount of the loans. Qualified disbursements may be subject to audit by the SBA.

The Organization elected to treat the forgivable loans as debt under ASC 470. Accordingly, cancellation of debt of \$674,523 is recognized on the statement of activities for the year ended December 31, 2021.

Note 13. Concentration

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

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Note 14. Related Party Transaction

The Organization is a member of the MA Alliance of Boys & Girls Clubs and Boys and Girls Clubs of America and pays annual dues for this membership, which amounted to \$17,213 and 16,963 during 2022 and 2021, respectively.

Note 15. Operating Liquidity

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

	2022
Cash	1,358,004
Receivables	289,932
Investments	752,693
	2,400,629
Liquidity Reserves:	
Line of Credit	150,000
	(340,264)
Donor Imposed Restrictions	(340,264)
Board Designated Investments	(634,306)
	(974,570)
Financial assets available to meet cash needs for general expenditures within one year	1,576,059

Note 15. Subsequent Events

The Organization has evaluated all material subsequent events from the end of the fiscal year through October 3, 2023, the date the financial statements were available to be issued.

On June 30, 2023, the Organization extended their Framingham location lease for one additional year.