

# **Kips Bay Boys and Girls Club, Inc.**

Independent Auditor's Report and Financial Statements

September 30, 2021 and 2020

# Kips Bay Boys and Girls Club, Inc.

September 30, 2021 and 2020

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## Independent Auditor's Report

Board of Trustees  
Kips Bay Boys and Girls Club, Inc.  
Bronx, New York

We have audited the accompanying financial statements of Kips Bay Boys and Girls Club, Inc., which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kips Bay Boys and Girls Club, Inc. as of September 30, 2021 and 2020, 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.

***Emphasis of Matter***

As discussed in *Note 2* to the financial statements, in 2021, Kips Bay Boys and Girls Club, Inc. adopted new accounting guidance regarding recognition of revenue with customers. Our opinion is not modified with respect to this matter.

**FORVIS,LLP**

New York, New York  
June 29, 2022

**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Financial Position**  
**September 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash	\$ 321,937	\$ 362,912
Investments	9,079,109	8,082,023
Grants receivable	1,890,473	630,764
Contributions receivable	84,270	111,277
Other receivables	141,016	158,537
Prepaid expenses and other assets	127,871	158,316
Property and equipment, net	17,491,697	16,855,518
Total assets	\$ 29,136,373	\$ 26,359,347
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,436,106	\$ 1,089,170
Refundable advances	401,252	273,776
Deferred revenue	468,763	285,268
Line of credit	300,000	255,000
Loan payable	1,235,626	1,243,147
Total liabilities	3,841,747	3,146,361
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Undesignated	321,470	100,309
Board-designated	6,458,295	4,960,432
Plant fund	17,491,071	16,847,371
Total net assets without donor restrictions	24,270,836	21,908,112
<b>With donor restrictions</b>		
	1,023,790	1,304,874
Total net assets	25,294,626	23,212,986
Total liabilities and net assets	\$ 29,136,373	\$ 26,359,347

**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Activities**  
**Years Ended September 30, 2021 and 2020**

	2021					
	Without Donor Restrictions				With Donor Restrictions	Total
	Undesignated	Board- Designated	Plant Fund	Total		
<b>Operating Revenues and Other Support</b>						
Contributions						
Corporate support	\$ 36,134	\$ -	\$ -	\$ 36,134	\$ 50,000	\$ 86,134
Foundations	433,684	-	-	433,684	596,000	1,029,684
Individuals	297,562	-	-	297,562	218,184	515,746
Special events	2,685,961	-	-	2,685,961	-	2,685,961
Direct costs of special events	(420,722)	-	-	(420,722)	-	(420,722)
Government support	5,504,496	-	-	5,504,496	-	5,504,496
Gain on forgiveness of loan	1,251,364	-	-	1,251,364	-	1,251,364
Employee retention credits	148,738	-	-	148,738	-	148,738
Camp fees and other activities						
Camp fees and other support	211,956	-	-	211,956	-	211,956
Camp contributions	13,373	-	-	13,373	-	13,373
Membership dues	885	-	-	885	-	885
Rental income	70,492	-	-	70,492	-	70,492
Miscellaneous	12,485	-	-	12,485	-	12,485
Net assets released from restrictions	932,925	225,000	-	1,157,925	(1,157,925)	-
Total operating revenues and other support	<u>11,179,333</u>	<u>225,000</u>	<u>-</u>	<u>11,404,333</u>	<u>(293,741)</u>	<u>11,110,592</u>
<b>Operating Expenses and Losses</b>						
Program services						
Social recreation	281,714	-	51,766	333,480	-	333,480
Cultural arts	56,905	-	27,470	84,375	-	84,375
Educational and club services	5,885,229	-	506,839	6,392,068	-	6,392,068
Camp	267,928	-	13,165	281,093	-	281,093
Fitness and health	210,113	-	245,935	456,048	-	456,048
Senior center	413,579	-	566	414,145	-	414,145
Total program services	<u>7,115,468</u>	<u>-</u>	<u>845,741</u>	<u>7,961,209</u>	<u>-</u>	<u>7,961,209</u>
Supporting services						
Administration	1,305,361	-	20,732	1,326,093	-	1,326,093
Fundraising	1,225,742	-	21,428	1,247,170	-	1,247,170
Total supporting services	<u>2,531,103</u>	<u>-</u>	<u>42,160</u>	<u>2,573,263</u>	<u>-</u>	<u>2,573,263</u>
Total operating expenses	<u>9,646,571</u>	<u>-</u>	<u>887,901</u>	<u>10,534,472</u>	<u>-</u>	<u>10,534,472</u>
Loss on uncollectible contributions	5,000	-	-	5,000	-	5,000
Total expenses and losses	<u>9,651,571</u>	<u>-</u>	<u>887,901</u>	<u>10,539,472</u>	<u>-</u>	<u>10,539,472</u>
<b>Change in Net Assets from Operations</b>	<u>1,527,762</u>	<u>225,000</u>	<u>(887,901)</u>	<u>864,861</u>	<u>(293,741)</u>	<u>571,120</u>

**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Activities (Continued)**  
**Years Ended September 30, 2021 and 2020**

	2021					
	Without Donor Restrictions			Total	With Donor Restrictions	Total
	Undesignated	Board-Designated	Plant Fund			
<b>Investment Income</b>						
Interest and dividends, net	\$ -	\$ 105,184	\$ -	\$ 105,184	\$ 3,469	\$ 108,653
Unrealized gain on investments	-	944,355	-	944,355	15,274	959,629
Realized gain on investments	-	421,259	-	421,259	20,921	442,180
Total investment income	-	1,470,798	-	1,470,798	39,664	1,510,462
<b>Change in Net Assets Before Other Changes</b>	1,527,762	1,695,798	(887,901)	2,335,659	(254,077)	2,081,582
<b>Other Changes in Net Assets</b>						
Centennial campaign contributions	-	58	-	58	-	58
Transfer from board-designated fund to support operations	225,000	(225,000)	-	-	-	-
Centennial pledges released from restriction	-	27,007	-	27,007	(27,007)	-
Capital acquisitions	(1,524,080)	-	1,524,080	-	-	-
Principal payments on loan	(7,521)	-	7,521	-	-	-
<b>Change in Net Assets</b>	221,161	1,497,863	643,700	2,362,724	(281,084)	2,081,640
<b>Net Assets, Beginning of Year</b>	100,309	4,960,432	16,847,371	21,908,112	1,304,874	23,212,986
<b>Net Assets, End of Year</b>	\$ 321,470	\$ 6,458,295	\$ 17,491,071	\$ 24,270,836	\$ 1,023,790	\$ 25,294,626

**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Activities (Continued)**  
**Years Ended September 30, 2021 and 2020**

	2020					
	Without Donor Restrictions			Total	With Donor Restrictions	Total
	Undesignated	Board-Designated	Plant Fund			
<b>Operating Revenues and Other Support</b>						
Contributions						
Corporate support	\$ 147,268	\$ -	\$ -	\$ 147,268	\$ -	\$ 147,268
Foundations	350,941	-	-	350,941	718,325	1,069,266
Individuals	457,390	-	-	457,390	188,857	646,247
Special events	2,740,452	-	-	2,740,452	-	2,740,452
Direct costs of special events	(320,079)	-	-	(320,079)	-	(320,079)
Government support	3,781,343	-	-	3,781,343	-	3,781,343
Camp fees and other activities						
Camp fees and other support	200,463	-	-	200,463	-	200,463
Camp contributions	31,870	-	-	31,870	-	31,870
Membership dues	3,990	-	-	3,990	-	3,990
Rental income	60,598	-	-	60,598	-	60,598
Miscellaneous	15,505	-	-	15,505	-	15,505
Net assets released from restrictions	574,352	-	-	574,352	(574,352)	-
Total operating revenues and other support	8,044,093	-	-	8,044,093	332,830	8,376,923
<b>Operating Expenses and Losses</b>						
Program services						
Social recreation	427,495	-	132,815	560,310	-	560,310
Cultural arts	136,856	-	52,363	189,219	-	189,219
Educational and club services	4,857,813	-	355,676	5,213,489	-	5,213,489
Camp	164,711	-	8,220	172,931	-	172,931
Fitness and health	491,387	-	273,820	765,207	-	765,207
Senior center	426,189	-	208	426,397	-	426,397
Total program services	6,504,451	-	823,102	7,327,553	-	7,327,553
Supporting services						
Administration	1,248,742	-	19,300	1,268,042	-	1,268,042
Fundraising	1,355,958	-	28,238	1,384,196	-	1,384,196
Total supporting services	2,604,700	-	47,538	2,652,238	-	2,652,238
Total operating expenses	9,109,151	-	870,640	9,979,791	-	9,979,791
<b>Change in Net Assets from Operations</b>	(1,065,058)	-	(870,640)	(1,935,698)	332,830	(1,602,868)



**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Activities (Continued)**  
**Years Ended September 30, 2021 and 2020**

	2020					
	Without Donor Restrictions			Total	With Donor Restrictions	Total
	Undesignated	Board-Designated	Plant Fund			
<b>Investment Income</b>						
Interest and dividends, net	\$ -	\$ 138,463	\$ -	\$ 138,463	\$ 9,051	\$ 147,514
Unrealized gain (loss) on investments	-	(13,337)	-	(13,337)	(10,262)	(23,599)
Realized gain on investments	-	185,555	-	185,555	19,846	205,401
Total investment income	-	310,681	-	310,681	18,635	329,316
<b>Change in Net Assets Before Other Changes</b>	(1,065,058)	310,681	(870,640)	(1,625,017)	351,465	(1,273,552)
<b>Other Changes in Net Assets</b>						
Centennial campaign contributions	-	3,483	-	3,483	-	3,483
Transfer from board-designated fund to support operations	560,000	(560,000)	-	-	-	-
Centennial pledges released from restriction	-	67,178	-	67,178	(67,178)	-
Capital acquisitions	(291,314)	-	291,314	-	-	-
Principal payments on loan	(7,521)	-	7,521	-	-	-
<b>Change in Net Assets</b>	(803,893)	(178,658)	(571,805)	(1,554,356)	284,287	(1,270,069)
<b>Net Assets, Beginning of Year</b>	904,202	5,139,090	17,419,176	23,462,468	1,020,587	24,483,055
<b>Net Assets, End of Year</b>	\$ 100,309	\$ 4,960,432	\$ 16,847,371	\$ 21,908,112	\$ 1,304,874	\$ 23,212,986

**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Functional Expenses**  
**Years Ended September 30, 2021 and 2020**

	2021											
	Program Services						Supporting Services					Total Expenses
	Social Recreation	Cultural Arts	Educational and Club Services	Camp	Fitness and Health	Senior Center	Total	Administration	Fundraising	Direct Costs of Special Events	Total	
Salaries	\$ 196,994	\$ 37,289	\$ 3,465,507	\$ 132,964	\$ 164,668	\$ 279,550	\$ 4,276,972	\$ 866,353	\$ 489,351	\$ -	\$ 1,355,704	\$ 5,632,676
Payroll taxes	32,525	3,907	308,911	12,338	9,783	23,878	391,342	41,796	37,666	-	79,462	470,804
Employee benefits	13,444	1,632	333,167	1,761	4,680	36,558	391,242	162,398	85,909	-	248,307	639,549
Total salaries and related expenses	242,963	42,828	4,107,585	147,063	179,131	339,986	5,059,556	1,070,547	612,926	-	1,683,473	6,743,029
Professional fees	300	-	197,262	6,410	-	10,335	214,307	109,651	196,268	-	305,919	520,226
Supplies	1,284	1,023	266,621	14,818	1,965	21,601	307,312	4,281	24,838	24,728	53,847	361,159
Conferences, meetings and dues	-	-	68,704	-	-	-	68,704	1,656	8,894	-	10,550	79,254
Food	43	-	140,262	301	-	13,517	154,123	1,455	35,449	80,202	117,106	271,229
Staff training	-	-	1,779	-	120	-	1,899	-	-	-	-	1,899
Postage	-	-	2,376	881	-	-	3,257	1,210	7,549	-	8,759	12,016
Printing and publications	93	279	18,746	2,373	22	-	21,513	32	50,721	151,597	202,350	223,863
Entertainment	-	-	-	-	-	-	-	-	-	8,000	8,000	8,000
Camp expenses	-	-	-	10,243	-	-	10,243	-	-	-	-	10,243
Scholarships	-	-	90,600	-	-	-	90,600	-	-	-	-	90,600
Registration fees	100	50	13,362	430	245	-	14,187	150	1,709	-	1,859	16,046
Transportation	-	-	50,891	-	-	-	50,891	365	113,058	-	113,423	164,314
Telephone	1,527	463	36,745	888	2,014	1,371	43,008	972	8,839	-	9,811	52,819
Occupancy	16,694	6,094	253,131	15,302	8,889	1,151	301,261	8,865	33,841	156,195	198,901	500,162
Repairs and maintenance	1,443	324	168,694	50,481	324	5,529	232,868	13,631	33,131	-	46,762	279,630
Credit card and other fees	4,603	1,642	102,948	6,166	4,267	8,100	127,726	33,993	81,509	-	115,502	243,228
Insurance	12,664	4,202	292,185	11,574	7,063	11,989	339,677	29,003	16,510	-	45,513	385,190
Depreciation	51,766	27,470	506,839	13,165	245,935	566	845,741	20,732	21,428	-	42,160	887,901
Interest	-	-	-	-	-	-	-	28,600	-	-	28,600	28,600
Miscellaneous	-	-	73,338	998	-	-	74,336	950	500	-	1,450	75,786
Total expenses	333,480	84,375	6,392,068	281,093	456,048	414,145	7,961,209	1,326,093	1,247,170	420,722	2,993,985	10,955,194
Less expenses deducted directly from revenues												
Direct costs of special events	-	-	-	-	-	-	-	-	-	(420,722)	(420,722)	(420,722)
Total expenses reported by function on the statements of activities	\$ 333,480	\$ 84,375	\$ 6,392,068	\$ 281,093	\$ 456,048	\$ 414,145	\$ 7,961,209	\$ 1,326,093	\$ 1,247,170	\$ -	\$ 2,573,263	\$ 10,534,472

**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Functional Expenses (Continued)**  
**Years Ended September 30, 2021 and 2020**

	2020											
	Program Services						Supporting Services					Total Expenses
	Social Recreation	Cultural Arts	Educational and Club Services	Camp	Fitness and Health	Senior Center	Total	Administration	Fundraising	Direct Costs of Special Events	Total	
Salaries	\$ 260,999	\$ 81,408	\$ 2,535,123	\$ 127,153	\$ 336,052	\$ 251,432	\$ 3,592,167	\$ 888,183	\$ 554,701	\$ -	\$ 1,442,884	\$ 5,035,051
Payroll taxes	79,027	27,069	551,285	11,376	41,656	21,637	732,050	40,801	44,557	-	85,358	817,408
Employee benefits	26,104	3,105	354,287	462	28,049	36,114	448,121	173,808	116,415	-	290,223	738,344
Total salaries and related expenses	366,130	111,582	3,440,695	138,991	405,757	309,183	4,772,338	1,102,792	715,673	-	1,818,465	6,590,803
Professional fees	-	475	167,235	5,210	8,712	12,460	194,092	55,773	306,076	-	361,849	555,941
Supplies	5,132	9,532	159,588	-	27,627	32,982	234,861	5,062	13,381	56,366	74,809	309,670
Conferences, meetings and dues	-	-	13,601	-	-	-	13,601	3,545	15,546	-	19,091	32,692
Food	-	362	233,231	439	1,337	47,486	282,855	2,282	13,761	66,111	82,154	365,009
Staff training	-	-	105	-	-	-	105	785	-	-	785	890
Postage	-	-	5,287	-	-	-	5,287	1,983	10,509	-	12,492	17,779
Printing and publications	-	-	14,042	-	98	1,210	15,350	1,370	43,711	43,028	88,109	103,459
Entertainment	-	-	-	-	-	-	-	-	-	5,200	5,200	5,200
Camp expenses	-	-	-	167	-	-	167	-	-	-	-	167
Scholarships	-	-	27,500	-	-	-	27,500	-	-	-	-	27,500
Registration fees	25	25	7,814	-	5,463	-	13,327	235	4,000	-	4,235	17,562
Transportation	-	2,625	55,592	15	1,500	223	59,955	299	76,528	-	76,827	136,782
Telephone	27,961	5,328	214,071	10,545	12,403	1,298	271,606	15,345	44,515	148,417	208,277	479,883
Occupancy	1,473	344	31,994	463	1,053	-	35,327	686	6,092	957	7,735	43,062
Repairs and maintenance	2,197	797	148,431	14	9,933	4,319	165,691	11,574	22,016	-	33,590	199,281
Credit card and other fees	1,000	791	22,327	1,040	3,033	2,350	30,541	13,168	52,866	-	66,034	96,575
Insurance	23,577	4,995	310,280	7,827	14,471	14,676	375,826	23,111	28,348	-	51,459	427,285
Depreciation	132,815	52,363	355,676	8,220	273,820	208	823,102	19,300	28,238	-	47,538	870,640
Bad debt expense	-	-	-	-	-	-	-	10,732	-	-	10,732	10,732
Miscellaneous	-	-	6,020	-	-	2	6,022	-	2,936	-	2,936	8,958
Total expenses	560,310	189,219	5,213,489	172,931	765,207	426,397	7,327,553	1,268,042	1,384,196	320,079	2,972,317	10,299,870
Less expenses deducted directly from revenues												
Direct costs of special events	-	-	-	-	-	-	-	-	-	(320,079)	(320,079)	(320,079)
Total expenses reported by function on the statements of activities	\$ 560,310	\$ 189,219	\$ 5,213,489	\$ 172,931	\$ 765,207	\$ 426,397	\$ 7,327,553	\$ 1,268,042	\$ 1,384,196	\$ -	\$ 2,652,238	\$ 9,979,791

**Kips Bay Boys and Girls Club, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Change in net assets	\$ 2,081,640	\$ (1,270,069)
Items not requiring (providing) operating cash flows		
Gain on forgiveness of loan	(1,251,364)	-
Noncash interest expense	16,364	-
Net realized and unrealized gains on investments	(1,401,809)	(181,802)
Depreciation	887,901	870,640
Changes in		
Grants receivable	(1,259,709)	343,384
Contributions receivable	27,007	71,026
Other receivables	17,521	68,486
Prepaid expenses and other assets	30,445	17,612
Accounts payable and accrued expenses	89,716	(351,151)
Refundable advances	127,476	(169,719)
Deferred revenue	183,495	163,186
	<u>(451,317)</u>	<u>(438,407)</u>
<b>Investing Activities</b>		
Purchase of investments	(2,225,503)	(5,588,991)
Proceeds from sales of investments	2,630,226	5,334,463
Property and equipment acquisitions	<u>(1,266,860)</u>	<u>(291,314)</u>
	<u>(862,137)</u>	<u>(545,842)</u>
<b>Financing Activities</b>		
Proceeds from line of credit	605,000	545,000
Repayments on line of credit	(560,000)	(450,000)
Proceeds on loan payable	1,235,000	1,235,000
Principal payments on loan payable	<u>(7,521)</u>	<u>(7,521)</u>
	<u>1,272,479</u>	<u>1,322,479</u>
<b>Net Increase (Decrease) in Cash</b>	(40,975)	338,230
<b>Cash, Beginning of Year</b>	<u>362,912</u>	<u>24,682</u>
<b>Cash, End of Year</b>	<u>\$ 321,937</u>	<u>\$ 362,912</u>
<b>Supplemental Cash Flows Information</b>		
Cash paid during the year for interest	\$ 12,236	\$ 10,732
Property and equipment in accounts payable	257,220	-

# **Kips Bay Boys and Girls Club, Inc.**

## **Notes to Financial Statements**

**September 30, 2021 and 2020**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

Kips Bay Boys and Girls Club, Inc. (the Club) was established for the purpose of providing youth services. These services include social and cultural activities, educational and personal services, fitness, and health and camp activities. In addition to youth services, the Club also runs a program servicing senior citizens. The Club is supported primarily through contributions, government grants, special events, and investment income.

During 2020 the Club had to shut down a portion of its programs and special events as a result of the spread of the COVID-19 coronavirus. In 2021 the Club resumed all program operations and resumed their regularly scheduled special events.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash***

Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash. At September 30, 2021, the Club's cash accounts exceeded federally insured limits by approximately \$93,000.

#### ***Investments and Net Investment Return***

Investments are carried at fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

#### ***Grants Receivable***

Government grants receivable are recorded when services are rendered and the Club has a contract for services. Interest is not charged or accrued on outstanding receivables.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### ***Allowance for Doubtful Accounts***

Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end. The Club has determined that no allowance for uncollectible accounts for receivables is necessary as of September 30, 2021 and 2020. Such estimate is based on management's assessments of the creditworthiness of its funders, the aged basis of its receivables, as well as current economic conditions and historical information.

### ***Property and Equipment***

Property and equipment acquisitions over \$1,000 are stated at cost less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	10-20 years
Clubhouse buildings	50 years
Clubhouse buildings improvements	3-10 years
Swimming pool	30-50 years
Equipment	5-10 years
Automobiles	4 years
Furniture and fixtures	5-10 years
Computers	3-5 years

### ***Long-Lived Asset Impairment***

The Club evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2021 and 2020.

### ***Refundable Advances***

Advance payments from government agencies that have not yet been earned are recorded as liabilities until earned.

### ***Deferred Revenue***

Rental payments and event income received in advance for future periods that are not yet earned by the Club are deferred until earned.

As of September 30, 2021, the Club had approximately \$130,000 of conditional contributions pertaining to funds received for special events held in future years. The Club did not have any conditional contributions pertaining to funds received for special events held in future years as of September 30, 2020.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### Contributions

Contributions are provided to the Club either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Club overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-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 statements of activities as net assets released from restrictions.

# **Kips Bay Boys and Girls Club, Inc.**

## **Notes to Financial Statements**

**September 30, 2021 and 2020**

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

### ***Special Events***

The Club conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statements of activities.

### ***Government Support***

Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as milestones are achieved. Such revenues are subject to audit by the granting agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

### ***Rental Income***

Rental income is largely for the use of the Club's facilities by other not-for-profit agencies, or for the use of facilities at the Club's New York City Housing Authority (NYCHA) site by NYCHA residents. Rentals are short-term operating leases, generally for a period of one year or less. Revenues are recognized as rentals become due. Deferred rental income is recorded when material.

### ***Sales Tax***

Sales tax from sales at special events are collected and remitted to the appropriate taxing authority.

### ***Measure of Operations***

The Club includes in its definition of measure of operations (performance indicator) all revenues and expenses associated with youth and senior services.

### ***Income Taxes***

The Club is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Club is subject to federal income tax on any unrelated business taxable income. The Club files tax returns in the U.S. federal jurisdiction.



# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, administration and development categories based on square footage, estimates of time and effort and other methods.

### **Note 2: Changes in Accounting Principles**

#### ***ASC 606, Revenue from Contracts with Customers (Topic 606)***

On October 1, 2020, the Club adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), using a modified retrospective method of adoption to all contracts not completed on October 1, 2020.

The core guidance in Topic 606 is to recognize revenue to depict the transfer of promised goods and services to customers in amounts that reflect the consideration to which the Club expects to be entitled in exchange for those goods and services.

The amount to which the Club expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods and services.

Adoption of Topic 606 did not result in changes in presentation of financial statements or timing of revenue recognition, but it did result in additional related disclosures in the notes to the financial statements.

### **Note 3: Revenue from Contracts with Campers and Special Event Attendees**

#### ***Camp Fees and Other Activities***

Revenue from contracts with campers for camp fees and other activities is reported at the amount that reflects the consideration to which the Club expects to be entitled in exchange for providing instruction and other activities. These amounts are due from parents and others and includes variable consideration for financial aid, scholarships, and other discounts.

Revenue is recognized as performance obligations are satisfied, which is ratably over the camp season. Generally, the Camp bills campers prior to the beginning of the camp season.

Payment is due based upon a selected payment plan. Families must withdraw prior to June 11 to receive any refund of tuition payments but forfeit the enrollment deposit.

Camp fees and other activities are considered to be separate contracts.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### **Special Events Revenue**

Revenue from special events is reported at the amount that reflects the consideration to which the Club expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event.

### **Transaction Price and Recognition**

The Club determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with the Club's policy. The Club determines its estimates of explicit price concessions based on its discount policies. The Club does not have any implicit price concessions as typically payment is due prior to services being provided.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. No additional revenues were recognized for the year ended September 30, 2021 due to changes in its estimates of implicit price concessions, discounts and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the student's ability to pay are recorded as bad debt expense.

The Club has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payers that have different payment methodologies

For the year ended September 30, 2021, the Club recognized revenue of \$212,841 from goods and services that transfer to the camper over time, and \$1,010,786 from goods and services that transfer to the special attendee over time.

### **Contract Balances**

Contract assets primarily relate to the Club's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities represent the Club's obligation to transfer goods or services to a customer when consideration has already been received from the customer. There were no contract assets as of October 1, 2020 or September 30, 2021.

The following table provides information about the Club's receivables and contract liabilities from contracts with customers:

	<u>2021</u>
Other receivables, beginning of year	\$ 41,396
Other receivables, end of year	36,149
Contract liabilities, beginning of year	285,268
Contract liabilities, end of year	338,763

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### ***Financing Component***

The Club has elected the practical expedient allowed under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Club's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

### ***Contract Costs***

The Club has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Club otherwise would have recognized is one year or less in duration.

### **Note 4: Government Grants**

The Club is the recipient of direct grants from the federal government, and New York City. As of September 30, 2021, the Club has entered into agreements to receive grants covering periods through June 30, 2023. As of September 30, 2021, the Club has \$98,259 of grants from the federal government and \$4,145,144 of grants from New York City totaling \$4,242,403 of grant revenues and receivables that have not been recognized under these grants. Receipt of these grants is conditional upon the Club expending specified amounts of the grant within certain time periods and under specified criteria from the grantor.

### **Note 5: Fair Value Measurements and Disclosures**

#### ***Fair Value Measurements***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021 and 2020:

	2021				
	Total	Fair Value Measurements Using			Investments Measured at NAV (A)
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Common stock					
Small cap	\$ 666,451	\$ 666,451	\$ -	\$ -	\$ -
Large cap	2,251,919	2,251,919	-	-	-
Emerging markets	953,649	953,649	-	-	-
International equity	2,712,612	2,712,612	-	-	-
Total common stock	<u>6,584,631</u>	<u>6,584,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exchange traded funds					
Real estate investment trusts	<u>124,493</u>	<u>124,493</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fixed income mutual funds					
Exchange trade funds	99,091	99,091	-	-	-
Corporate bond funds	<u>2,202,541</u>	<u>2,202,541</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fixed income	<u>2,301,632</u>	<u>2,301,632</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments reported on the fair value hierarchy	9,010,756	<u>\$ 9,010,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	<u>68,353</u>				
Total investments	<u>\$ 9,079,109</u>				

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

	2020				
	Total	Fair Value Measurements Using			Investments Measured at NAV (A)
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Common stock					
Small cap	\$ 167,574	\$ 167,574	\$ -	\$ -	\$ -
Mid cap	316,622	316,622	-	-	-
Large cap	2,019,061	2,019,061	-	-	-
Emerging markets	757,500	757,500	-	-	-
International equity	2,052,520	2,052,520	-	-	-
Total common stock	5,313,277	5,313,277	-	-	-
Exchange traded funds					
Real estate investment trusts	111,610	111,610	-	-	-
Fixed income mutual funds					
Government agency funds	73,207	73,207	-	-	-
Corporate bond funds	2,411,679	2,411,679	-	-	-
Total fixed income	2,484,886	2,484,886	-	-	-
Total investments reported on the fair value hierarchy	7,909,773	\$ 7,909,773	\$ -	\$ -	-
Limited partnerships	42,794				\$ 42,794
Cash and cash equivalents	129,456				
Total investments	\$ 8,082,023				

(A) The investment measured at fair value using NAV per share practical expedient have not been classified in the fair value hierarchy. The totals included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following is a description of the valuation methodology and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended September 30, 2021 and 2020.

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Kips Bay Boys and Girls Club, Inc.**  
**Notes to Financial Statements**  
**September 30, 2021 and 2020**

At September 30, 2021 and 2020, the Club did not have any securities classified as Level 2 or Level 3 investments of the valuation hierarchy.

**Alternative Investments**

For the September 30, 2020 financial statements, the investment in limited partnerships has been separately presented as investments measured at NAV and included in the totals above to permit reconciliation to the statements of financial position. The Club liquidated their investment in limited partnerships during 2021.

The following table presents the Club's investment in a limited partnership measured at fair value using NAV per share as a practical expedient as of September 30, 2021 and 2020:

	<b>2021</b>		<b>2020</b>		<b>Unfunded</b>	<b>Redemption</b>	<b>Redemption</b>
	<b>Fair Value</b>		<b>Fair Value</b>		<b>Commitments</b>	<b>Frequency</b>	<b>Notice</b>
							<b>Period</b>
Limited Partnership	\$ -		\$ 42,794		\$ -	N/A	N/A

The Limited Partnership does not have a specific redemption provision. Capital is returned to investors when companies are exiting either through a sale or IPO. The Limited Partnership invests in a portfolio of private equity funds that focus on clean technologies, primarily comprised of domestic venture capital funds. There are currently no unfunded commitments at September 30, 2021.

**Note 6: Contributions Receivable**

Contributions receivable consisted of the following as of September 30, 2021 and 2020.

	<b>2021</b>	<b>2020</b>
	<b>With Donor</b>	<b>With Donor</b>
	<b>Restrictions</b>	<b>Restrictions</b>
Less than one year	\$ 84,270	\$ 109,335
One to five years	-	2,000
	84,270	111,335
Less discount to present value	-	(58)
	<u>\$ 84,270</u>	<u>\$ 111,277</u>

A discount rate of 3% was used for 2020.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Note 7: Property and Equipment

	2021		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 47,241	\$ -	\$ 47,241
Land improvements	770,216	766,176	4,040
Clubhouse buildings	23,035,035	9,273,637	13,761,398
Clubhouse building improvements	2,682,049	1,163,771	1,518,278
Swimming pool	970,113	788,792	181,321
Equipment	2,176,635	1,570,005	606,630
Automobiles	333,801	333,389	412
Furniture and fixtures	555,339	513,662	41,677
Computers	570,167	522,593	47,574
Construction in progress	1,283,126	-	1,283,126
	\$ 32,423,722	\$ 14,932,025	\$ 17,491,697

  

	2020		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 47,241	\$ -	\$ 47,241
Land improvements	770,216	765,616	4,600
Clubhouse buildings	23,035,035	8,700,891	14,334,144
Clubhouse building improvements	2,505,411	1,036,505	1,468,906
Swimming pool	942,791	768,356	174,435
Equipment	1,835,251	1,471,774	363,477
Automobiles	333,801	313,164	20,637
Furniture and fixtures	555,339	508,072	47,267
Computers	545,843	479,746	66,097
Construction in progress	328,714	-	328,714
	\$ 30,899,642	\$ 14,044,124	\$ 16,855,518

Included in property and equipment is the Coudert Clubhouse building in the West Bronx. The construction of this clubhouse was financed in part with grants from NYCHA and the New York City Council (the Council). In accordance with the terms of the Declaration of Restrictive Covenants in the Regulatory and Operating Agreement, the Club is committed to operate the site as a youth center for thirty years from July 30, 2010 (the Commencement Date), which was the date of issuance of a permanent certificate of occupancy from the Office of the Building Department of the City of New York. Failure to comply with the covenants and conditions of that certain Declaration of Restrictive Covenants is an Event of Default, and NYCHA will have the right to foreclose on the property.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Note 8: Loans Payable

In 2017, the Club financed the purchase of a new vehicle through Toyota Financial Services. The initial loan was \$37,605, and the loan matured on November 8, 2021. As of September 30, 2021 and 2020, the outstanding balance on the loan was \$626 and \$8,147, respectively. The loan is secured by the vehicle and is non-interest-bearing.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On May 3, 2020, the Club received a loan in the amount of \$1,235,000 pursuant to the Paycheck Protection Program (PPP). The Club has elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. The loan was forgiven in full during 2021.

On December 27, 2020, the *Consolidated Appropriations Act of 2021* was signed into law and, among other things, established a new "Second Draw" Paycheck Protection Program. On February 22, 2021, the Club received a second loan in the amount of \$1,235,000 pursuant to the PPP Second Draw. The loan is due five years from the date of the first disbursement under the loan and has a fixed interest rate of 1% per year, and the Club has elected to account for this loan with the same accounting treatment as the first loan.

Aggregate annual maturities of loans payable are as follows:

2022	\$	311,853
2023		274,137
2024		276,891
2025		279,672
2026		93,073
		<hr/>
	\$	<u>1,235,626</u>

### Note 9: Line of Credit

On July 1, 2019, the Club established a \$1,000,000 line of credit, collateralized by all assets of the Club, with the Northern Trust Company at an interest rate equal to the Overnight LIBOR-Based Rate, which shall be equal to the greater of (A) two and twenty-five hundredths percent (2.250%) or (B) the sum of Overnight LIBOR plus the Rate Margin. At September 30, 2021 and 2020, the interest was 2.32% and 2.33%, respectively. The line of credit was initially set to mature on June 25, 2020, but the maturity date was later extended to June 15, 2022. The line of credit expired on June 15, 2022 and is in the process of being renegotiated. As of September 30, 2021 and 2020, \$300,000 and \$255,000 was outstanding, respectively.



# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Note 10: Board-Designated Fund

The Board of Trustees has designated certain net assets without donor restrictions for long-term investment for support of operations, capital acquisitions, and scholarships. The Club is authorized to transfer principal amounts of the designated funds to current operations on the basis of management's evaluation of operating needs. As of September 30, 2021 and 2020, the total designated funds were \$6,449,591 and \$4,960,432, respectively.

#### *Changes in Board-Designated Net Assets for the Years Ended September 30:*

	<u>2021</u> <u>Without</u> <u>Donor</u> <u>Restrictions</u> <u>Board-</u> <u>Designated</u>	<u>2020</u> <u>Without</u> <u>Donor</u> <u>Restrictions</u> <u>Board-</u> <u>Designated</u>
Board-designated endowment net assets, beginning of year	\$ 4,960,432	\$ 5,139,089
Investment return, net	1,470,798	310,681
Contributions	58	3,484
Transfer from board-designated fund to support operations	(225,000)	(560,000)
Donor redesignation from endowment fund	225,000	-
Centennial pledges released from restriction	27,007	67,178
	<u>\$ 6,458,295</u>	<u>\$ 4,960,432</u>
Board-designated endowment net assets, end of year		

### Note 11: Net Assets

#### *Net Assets Without Donor Restrictions*

At September 30, 2021 and 2020, all net assets without donor restrictions that are not board-designated or designated for the plant fund are available to be used for operations.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### ***Net Assets with Donor Restrictions***

At September 30, 2021 and 2020, net assets with donor restrictions were restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose		
Scholarships	\$ 489,998	\$ 362,414
Coudert Clubhouse	80,000	280,000
Educational and club services (program)	53,358	74,683
Cultural Arts	25,000	-
	<u>648,356</u>	<u>717,097</u>
Subject to the passage of time	<u>79,270</u>	<u>106,277</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Scholarships (Mangini Fund)	<u>296,164</u>	<u>481,500</u>
	<u>\$ 1,023,790</u>	<u>\$ 1,304,874</u>

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### **Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ 27,007	\$ 67,178
Satisfaction of purpose restrictions		
Coudert Clubhouse	430,000	270,000
Cultural arts program	25,000	27,000
COVID-19 Relief	-	26,500
Culinary Educational Kitchen	50,000	36,719
Community Outreach	210,000	10,000
Educational and club services (program)	127,325	176,633
Scholarships	90,600	10,000
	<u>959,932</u>	<u>624,030</u>
Restricted purpose spending-rate distributions and appropriations		
Scholarships (Mangini Fund)	-	17,500
Donor redesignation (Mangini Fund)	225,000	-
	<u>\$ 1,184,932</u>	<u>\$ 641,530</u>

### **Note 12: Endowment Funds**

The Club's governing body is subject to the *State of New York Prudent Management of Institutional Funds Act* (NYPMIFA). As a result, the Club classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NYPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Club and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

### September 30, 2021 and 2020

6. Other resources of the Club
7. Investment policies of the Club

The Club's endowment consists of one individual donor-restricted and three board-designated endowment funds established to support activities of the Club. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at September 30, 2021 and 2020 were:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 6,458,295	\$ -	\$ 6,458,295	\$ 4,960,432	\$ -	\$ 4,960,432
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	175,000	175,000	-	400,000	400,000
Accumulated investment gains	-	121,164	121,164	-	81,500	81,500
Total endowment funds	<u>\$ 6,458,295</u>	<u>\$ 296,164</u>	<u>\$ 6,754,459</u>	<u>\$ 4,960,432</u>	<u>\$ 481,500</u>	<u>\$ 5,441,932</u>

Change in endowment net assets for the years ended September 30, 2021 and 2020 were:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,960,432	\$ 481,500	\$ 5,441,932	\$ 5,139,090	\$ 480,365	\$ 5,619,455
Contributions	58	-	58	3,483	-	3,483
Transfer from board-designated fund to support operations	(225,000)	-	(225,000)	(560,000)	-	(560,000)
Donor redesignation from endowment fund	225,000	(225,000)	-	-	-	-
Pledges released from restrictions	27,007	-	27,007	67,178	-	67,178
Appropriations for expenditure	-	-	-	-	(17,500)	(17,500)
Investment return, net	1,470,798	39,664	1,510,462	310,681	18,635	329,316
Endowment net assets, end of year	<u>\$ 6,458,295</u>	<u>\$ 296,164</u>	<u>\$ 6,754,459</u>	<u>\$ 4,960,432</u>	<u>\$ 481,500</u>	<u>\$ 5,441,932</u>

### ***Return Objectives and Investment and Spending Policies***

The objective of the Club is to maintain the principal of restricted endowment funds at the original amount designated by the donor, while earning income in order to provide scholarships for eligible recipients, and to enhance the amount of board-designated endowment funds consistent with each fund's individual drawdown policies. The investment policy to achieve this objective is to employ investment practices that emphasize long-term investment fundamentals that achieve annual total returns commensurate with established market benchmarks and limit risk of loss to that of commonly used indices, while seeking to grow principal values to outpace inflation and to generate annual income to enhance total return. To help mitigate performance volatility, the Club employs the principles of asset allocation and sector diversification.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

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All income earned on donor endowments above the corpus is restricted and is subject to the Board's spending policies and annual appropriations. Drawdowns from the income associated with the restricted account is calculated based on the account balance as of April 1 (restricted to scholarships for the fiscal year following the calculation date). Fifty percent of the balance above the corpus is allocated for available spending, provided that the restricted corpus is not invaded. These funds are then isolated into money market or cash equivalents for August and December transfers to the Club's operating funds to help fund scholarships. Drawdowns from the board-designated endowments are calculated to balance the Club's revenues versus expenses forecast six months ahead. Board-designated scholarship endowment drawdowns are based on account balances at April 1 for the next fiscal year, and 20% of the account balance is isolated and transferred in the same manner as the restricted endowments. The Club's approved spending policy of appropriating for expenditures for 2021 and 2020 was approximately 0 and 2%, respectively, for each year of its endowment fund's average fair value over the prior four quarters through the year-end proceeding the year in which the expenditure is planned.

### ***Underwater Endowments***

The governing body of the Club has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Club considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund, and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Club has interpreted NYPMIFA to permit not spending from underwater funds in accordance with the prudent measures required under the law.

At September 30, 2021 and 2020, the Club has no underwater funds.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Note 13: Special Events

	Gross Proceeds	Direct Costs*	Indirect Costs	2021 Net Proceeds	2020 Net Proceeds
NYC Showhouse					
Shop	\$ 83	\$ -	\$ 24,363	\$ (24,280)	\$ (23,912)
Journal	-	-	-	-	1,503
Opening Night	-	-	-	-	(31,750)
President's preview	44,500	-	715	43,785	929,687
Pre-renovation	-	-	-	-	(3,233)
Daily admission	40,000	-	7,945	32,055	(12,918)
	<u>84,583</u>	<u>-</u>	<u>33,023</u>	<u>51,560</u>	<u>859,377</u>
Palm Beach Showhouse					
Shop	37,960	-	949	37,011	46,877
Journal	117,953	50,298	2,669	64,986	22,002
Opening Night	211,967	46,818	29,071	136,078	106,515
Pre-Renovation	-	-	-	-	(19,510)
Daily admission	569,558	57,910	241,068	270,580	400,326
	<u>937,438</u>	<u>155,026</u>	<u>273,757</u>	<u>508,655</u>	<u>556,210</u>
Dallas Showhouse					
Shop	4,833	7,273	3,572	(6,012)	5,951
Journal	67,485	101,299	1,375	(35,189)	63,918
Opening Night	282,847	51,384	19,576	211,887	81,017
Daily admission	1,212,075	54,665	281,566	875,844	128,025
	<u>1,567,240</u>	<u>214,621</u>	<u>306,089</u>	<u>1,046,530</u>	<u>278,911</u>
Summer Golf Tournament	96,250	51,075	5,262	39,913	9,875
Theatre Benefit	-	-	-	-	258
Boathouse	450	-	37	413	68,094
Yankees event	-	-	-	-	5,982
50th Anniversary	-	-	-	-	16,992
Dollhouse Event	-	-	-	-	4,210
	<u>\$ 2,685,961</u>	<u>\$ 420,722</u>	<u>\$ 618,168</u>	<u>\$ 1,647,071</u>	<u>\$ 1,799,909</u>

\* Direct costs are limited to expenses that provide benefits to contributors.

### Note 14: Noncancelable Leases and Related-Party Transaction

During 2018, the Club signed a new noncancelable office lease with a board member for \$400 per month, expiring on June 30, 2023. Subsequent to year-end the board member cancelled the lease effective January 1, 2022. Total rent expense for the years ended September 30, 2021 and 2020 was \$4,800 for each year. As of September 30, 2021, total future minimum lease payments are as follows:

2022	<u>\$ 1,200</u>
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# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Note 15: Pension Plan

The Club participates in the Pension Trust of the Boys and Girls Club of America Pension Plan, which is a defined contribution plan. Effective January 1, 2018, the Plan requires a contribution by the Club equal to 6% of the previous quarter's eligible employee's salaries of covered employees. Pension expense recognized by the Club was \$225,154 and \$231,027 for the years ended September 30, 2021 and 2020, respectively.

### Note 16: Contingencies and Commitments

The Club receives fees and grants from various state and city government agencies for services performed under contracts. Such contracts are subject to governmental compliance audits from the granting agencies, as well as the New York State Office of the Attorney General, the Internal Revenue Service and the New York State Department of Charities Registration, and may, from time-to-time, result in adjustments to fees and grants received. In the opinion of the Club, the disposition of all such matters should not have a material effect on the Club's financial position or change in net assets.

The Club has entered into a subscription agreement to invest in a limited partnership called Cleantech Ventures, LP. In the event of nonpayment, the Club will be subject to penalties in the form of a reduction in its partnership interest or payment of interest. As of September 30, 2020, the Club had a total outstanding commitment of \$98,000 due to the limited partnership. In 2021, as noted in *Note 5* the investment was liquidated and there was no outstanding commitment remaining as of September 30, 2021.

### Note 17: Significant Estimates and Concentrations

GAAP require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Revenues and Receivables***

A significant portion of revenues are paid to the Club by New York City (NYC) agencies. Therefore, the Club is highly dependent on the NYC reimbursement systems.

Receivables due from NYC agencies represent approximately 81% and 92%, respectively, of outstanding grants receivable at September 30, 2021 and 2020.

In 2021 and 2020, the Club obtained approximately 36% and 26%, respectively, of its operating revenues through grants paid by the New York City Department of Youth and Community Development.

In 2021 approximately 58% and 35% of gross proceeds from special events were generated by the Dallas Showhouse and related events and Palm Beach Showhouse and related events, respectively.

# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

In 2020, approximately 41% of gross proceeds from special events were generated by the New York City Showhouse and related events, and approximately 33% of gross proceeds from special events were generated in total by the Palm Beach Showhouse and related events and the Dallas Showhouse and related events.

### **Investments**

The Club invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

### **Note 18: Fiscal Conduit**

The Club was a fiscal conduit for a few organizations that are not registered not-for-profits during 2021 and 2020. The Club has no authority to disburse funds without the authorization of the organizations whose funds are held. As the conduit, the Club received funds during the years ended September 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Funds held, beginning of year	\$ 34,739	\$ 71,000
Funds received	150,000	153,682
Funds disbursed	<u>(64,640)</u>	<u>(189,943)</u>
Funds held, end of year	<u>\$ 120,099</u>	<u>\$ 34,739</u>

Conduit funds are held in cash as of September 30, 2021 and 2020 and, therefore, no interest income was earned on these funds.



# Kips Bay Boys and Girls Club, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

### Note 19: Liquidity and Availability

The Club's financial assets available within one year of the balance sheet date for general expenditures as of September 30, 2021 and 2020 are:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 321,937	\$ 362,912
Investments	9,079,109	8,082,023
Grants receivable	1,890,473	630,764
Contributions receivable	84,270	111,277
Other receivables	141,016	158,537
	<u>11,516,805</u>	<u>9,345,513</u>
Cash held for conduit funds	(120,099)	(34,739)
Net assets with donor restrictions	(1,023,790)	(1,304,874)
Board-designated funds	<u>(6,458,295)</u>	<u>(4,960,432)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,914,621</u>	<u>\$ 3,045,468</u>

The Club manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Club has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days' operating expenses. The Club has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 30 to 45 days of expected expenditures. To achieve these targets, the Club forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

### Note 20: Subsequent Events

Subsequent events have been evaluated through June 29, 2022, which is the date the financial statements were available to be issued.