BOYS & GIRLS CLUB OF GREATER NASHUA, INC.

Financial Statements
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Boys & Girls Club of Greater Nashua, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Club of Greater Nashua, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 Boys & Girls Club of Greater Nashua, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Boys & Girls Club of Greater Nashua's fiscal year 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Melanson

Manchester, New Hampshire
October 28, 2020

BOYS & GIRLS CLUB OF GREATER NASHUA, INC.

Statement of Financial Position
June 30, 2020
(with comparative totals as of June 30, 2019)

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Assets				
Current Assets:				
Cash and cash equivalents	$ 745,679	$ 255,161	$ 1,000,840	$ 462,117
Accounts receivable, net of allowance of $14,600 in 2020 and 2019	20,446	-	20,446	156,489
Contributions receivable	155,182	-	155,182	5,759
Prepaid expenses	16,140	-	16,140	42,203
Total Current Assets	937,447	255,161	1,192,608	666,568
Noncurrent Assets:				
Contributions receivable	-	74,000	74,000	61,547
Property and equipment, net	3,620,320	-	3,620,320	3,691,724
Beneficial interest	-	5,046,726	5,046,726	5,133,177
Total Noncurrent Assets	3,620,320	5,120,726	8,741,046	8,886,448
TOTAL ASSETS	$ 4,557,767	$ 5,375,887	$ 9,933,654	$ 9,553,016
Liabilities and Net Assets				
Current Liabilities:				
Notes payable	$ 20,284	$ -	$ 20,284	$ -
Paycheck Protection Program refundable advance	112,634	-	112,634	-
Accounts payable and accrued expenses	122,613	-	122,613	143,242
Accrued payroll and related liabilities	148,713	-	148,713	133,533
Other liabilities	4,733	-	4,733	133,433
Total Current Liabilities	408,977	-	408,977	410,208
Net Assets				
Without donor restrictions:				
Undesignated	4,148,790	-	4,148,790	3,775,184
With donor restrictions:				
Purpose restrictions	-	255,161	255,161	172,900
Time restrictions	-	74,000	74,000	61,547
Beneficial interest	-	5,046,726	5,046,726	5,133,177
Total Net Assets	4,148,790	5,375,887	9,524,677	9,142,808
TOTAL LIABILITIES AND NET ASSETS	$ 4,557,767	$ 5,375,887	$ 9,933,654	$ 9,553,016

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUB OF GREATER NASHUA, INC.

Statement of Activities
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total	2019 Total
Support, Revenue, and Other				
Support:				
Grants	$ 414,011	$ -	$ 414,011	$ 625,640
Contributions, net of write-offs	325,422	541,885	867,307	713,778
Payroll Protection Program grant	260,066	-	260,066	-
Special events:				
Gross special events revenue	1,296,177	-	1,296,177	1,150,371
Less cost of direct benefits to donors	(87,903)	-	(87,903)	(103,103)
Net special events revenue	1,208,274	-	1,208,274	1,047,268
Revenue:				
Program Service Fees:				
Program tuitions	468,536	-	468,536	528,421
Membership fees	13,160	-	13,160	22,419
Facility rental	56,909	-	56,909	64,283
Activities	14,008	-	14,008	28,377
Other:				
Investment income	2,550	1,750	4,300	11,895
Income from beneficial interest	-	103,038	103,038	193,963
Other revenue	644	-	644	(5,240)
Distributions From Beneficial Interest	210,072	(210,072)	-	-
Net Assets Released From Restrictions	428,338	(428,338)	-	-
Total Support, Revenue, and Other	3,401,990	8,263	3,410,253	3,230,804
Expenses				
Program Services Expense:				
Childcare	302,388	-	302,388	350,022
Social recreation	239,811	-	239,811	247,655
Teen services	250,854	-	250,854	261,993
Individual services	775,175	-	775,175	863,864
Physical education	201,288	-	201,288	217,648
Education	305,440	-	305,440	260,271
Aquatics	205,960	-	205,960	211,549
Cultural enrichment	133,600	-	133,600	162,929
Total Program Services Expense	2,414,516	-	2,414,516	2,575,931
Supporting Services Expense:				
Management and general	301,769	-	301,769	318,226
Fundraising and development	312,099	-	312,099	305,268
Total Supporting Services Expense	613,868	-	613,868	623,494
Total Expenses	3,028,384	-	3,028,384	3,199,425
CHANGE IN NET ASSETS	373,606	8,263	381,869	31,379
NET ASSETS, BEGINNING OF YEAR	3,775,184	5,367,624	9,142,808	9,111,429
NET ASSETS, END OF YEAR	$ 4,148,790	$ 5,375,887	$ 9,524,677	$ 9,142,808

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUB OF GREATER NASHUA, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020												
	Program Services									Supporting Services			
	Childcare	Social Recreation	Teen Services	Individual Services	Physical Education	Education	Aquatics	Cultural Enrichment	Program Total	Management and General	Fundraising and Development	2020 Total	2019 Total
Personnel Expense													
Salaries and wages	$ 185,610	$ 133,592	$ 115,941	$ 380,565	70,009	138,793	61,725	69,859	$ 1,156,094	$ 142,915	210,489	$ 1,509,498	$ 1,486,581
Pension	8,557	9,717	7,151	22,637	5,344	5,134	2,946	4,811	66,297	14,882	20,159	101,338	104,546
Employee benefits	36,007	15,837	16,953	51,287	11,211	9,886	11,418	11,321	163,920	41,168	42,272	247,360	221,428
Payroll taxes	14,280	9,901	8,462	25,734	5,146	10,404	4,546	4,773	83,246	9,001	12,615	104,862	116,075
Advertising	2,375	620	240	-	-	-	-	-	3,235	15	-	3,250	6,695
Building supplies	937	808	1,718	1,314	2,021	404	5,852	707	13,761	606	-	14,367	10,839
Computer expense	6,064	4,341	4,341	4,231	4,231	5,380	4,231	4,231	37,050	4,231	5,487	46,768	47,555
Conferences and meetings	308	11	1,066	361	11	3,335	1,006	11	6,109	3,757	657	10,523	17,467
Depreciation	20,686	16,094	32,489	60,212	37,218	7,410	40,916	13,068	228,093	11,211	-	239,304	230,836
Dues and subscriptions	1,279	6,508	3,370	113	3,135	825	8,519	-	23,749	8,096	-	31,845	41,552
Field trips and activities	7,046	13,935	6,857	26,885	1,034	11,770	8,782	3,232	79,541	-	-	79,541	140,522
Food	401	346	2,343	73,879	-	-	-	-	76,969	-	-	76,969	145,213
Fundraising venues and supplies	-	-	-	-	-	-	-	-	-	-	87,903	87,903	103,103
Insurance	3,572	3,573	7,592	18,057	8,932	1,786	7,592	3,126	54,230	2,680	-	56,910	64,596
Interest	-	-	-	-	-	-	-	-	-	2,295	-	2,295	106
Maintenance	3,992	8,517	20,403	15,549	24,849	8,464	23,078	8,341	113,193	6,292	-	119,485	115,974
Office expenses	901	988	1,196	901	898	2,065	898	898	8,745	24,856	17,488	51,089	74,066
Professional fees	275	670	335	6,538	4,167	17,405	4,337	502	34,229	16,042	1,900	52,171	74,443
Rent	-	-	-	22,203	-	-	-	-	22,203	-	-	22,203	25,598
Scholarships	-	-	-	-	-	75,994	-	-	75,994	-	-	75,994	50,215
Telephone and internet	1,259	1,261	1,261	986	986	986	986	986	8,711	1,032	1,032	10,775	13,412
Travel and transportation	-	4,254	355	49,361	-	980	347	-	55,297	6,061	-	61,358	95,893
Utilities	8,839	8,838	18,781	14,362	22,096	4,419	18,781	7,734	103,850	6,629	-	110,479	115,813
Total expenses by function	302,388	239,811	250,854	775,175	201,288	305,440	205,960	133,600	2,414,516	301,769	400,002	3,116,287	3,302,528
Less expenses included on the Statement of Activities:													
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	(87,903)	(87,903)	(103,103)
Total reported on the Statement of Activities - 2020	$ 302,388	$ 239,811	$ 250,854	$ 775,175	$ 201,288	$ 305,440	$ 205,960	$ 133,600	$ 2,414,516	$ 301,769	$ 312,099	$ 3,028,384	$ 3,199,425
Total reported on the Statement of Activities - 2019	$ 350,022	$ 247,655	$ 261,993	$ 863,864	$ 217,648	$ 260,271	$ 211,549	$ 162,929	$ 2,575,931	$ 318,226	$ 305,268	$ 3,199,425	

The accompanying notes are an integral part of these financial statements.

BOYS & GIRLS CLUB OF GREATER NASHUA, INC.

Statement of Cash Flows
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ 381,869	$ 31,379
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	239,304	623,484
Realized gain on beneficial interest	(443,976)	(155,586)
Unrealized loss on beneficial	488,954	33,077
Income (loss) from beneficial interest	41,473	(500,753)
Loss on disposal of fixed assets	3,300	11,221
Changes in operating assets and liabilities:		
Accounts receivable	136,043	(24,660)
Contributions receivable	(161,876)	32,350
Prepaid expenses	26,063	(32,316)
Accounts payable and accrued expenses	(20,629)	26,860
Accrued payroll and related liabilities	15,180	9,548
Payroll Protection Program refundable advance	112,634	-
Other liabilities	(128,700)	50,619
Net Cash Provided by Operating Activities	689,639	105,223
Cash Flows From Investing Activities		
Capital expenditures	(171,200)	(167,726)
Net Cash Used by Investing Activities	(171,200)	(167,726)
Cash Flows From Financing Activities		
Proceeds of note payable	150,000	-
Repayment of note payable	(129,716)	(19,105)
Repayment of capital lease obligations	-	(850)
Net Cash Provided (Used) by Financing Activities	20,284	(19,955)
Net Change in Cash and Cash Equivalents	538,723	(82,458)
Cash and Cash Equivalents, Beginning	462,117	544,575
Cash and Cash Equivalents, Ending	$ 1,000,840	$ 462,117
Supplemental Disclosures:		
Interest paid	$ 2,295	$ 106

The accompanying notes are an integral part of these financial statements.

1. Organization

The mission of the Boys & Girls Club of Greater Nashua (the Club) is to enable all young people, especially those who need us most, to reach their potential as productive, caring, responsible citizens. We have grown from 300 members and a small storefront in 1971 to 2,804 members in 2019 and a large facility. Our members have access to three education centers, an indoor swimming pool, a full-size gymnasium, a fitness room, dance and art studios, a brand new playground, and the only dedicated drop-in teen center in our community, as well as a collection of other areas for social recreation, structured activities, and inventive play. On a normal school day, the Club stays open until 9 pm, plus all day during school vacations and summer break. While the Nashua School District participates in distance-learning, we are also open during school hours to provide youth with the space, tools, and support they need to complete their virtual classes. We provide healthy food daily, serving 48,000 healthy meals and 29,000 healthy snacks in 2019. Pre-COVID-19, we also provided transportation free of charge, picking up kids from school and bringing them to the Club, and then driving them home in the evenings.

We serve Club members in grades K-12 living in the City of Nashua and the towns of Hollis, Hudson, and Merrimack; our community outreach initiatives reached an additional 4,225 youth in the surrounding towns last year. 61% of our members live in low-income households (35% of those reporting income live in extremely low-income households) as defined by the HUD Area Median Income. Over 40% come from single-parent households; 54% identify as non-white; many are refugees or immigrants. Thanks to the ongoing support of grantors, sponsors, and individuals in the community, we have been able to offer scholarships to any member who needs them so no family is turned away for inability to pay.

Other individual services we provide to our 2,804 members include leadership groups, mentoring, and programs aimed at developing character and resiliency such as Positive Action and our Camp Mariposa overnight camp for children from families affected by substance abuse. We offer education programs every day which aim to improve the academic success of all members through homework help, academic tutoring, and STEM exploration as well as through partnerships with the school district and 21st Century Community Impact Sites; in total, over 1,500 members were involved in these programs. We also offer a licensed childcare program for children ages 5-8 years old which includes guided access to our regular programs such as physical education, arts, dance, and swimming and which is available before school, after school, and all day during summer and school vacations. 390 children are served by this program.

The COVID-19 pandemic has challenged our organization with enhanced safety procedures and increased expenses. After a few weeks of working remotely and offering virtual programming and mentoring, we gradually reopened: first for emergency childcare, and ever since slowly increasing our capacity. We follow state, local, and CDC guidelines; all staff and members wear masks and have daily health screenings which are documented and recorded. Parents drop off and pick up kids outside and we limit any other visitors to the building. Our child to staff ratio has been reduced significantly to enable these procedures and we have canceled field trips and certain athletics activities. But while we always prioritize safety, our kids are still having fun. Masks don't stop laughter. We're running distance-learning support during the day and offering our programs in the afternoons and evenings, plus childcare for kids grades K-3. We're feeding healthy meals and snacks to kids sitting at separate tables and we're spending plenty of time outside. We're screening everyone who enters our building and coordinating pick-up and drop-off with families. We're learning to smile with our eyes and perfecting the long-distance high-five. We're doing Whatever It Takes to Build Great Futures.

2. Summary of Significant Accounting Policies

Change in Accounting Principle

ASU 2014-09 and ASU 2018-08 Revenue Recognition

The Club has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended, and ASU No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as management believes these standards improve the usefulness and understandability of the Club's financial reporting. ASU 2014-09 and 2018-08 have been implemented in fiscal year 2020, and the presentation in these financial statements has been adjusted accordingly. Analysis of various provisions of these standards resulted in no significant changes in the way the Club recognizes revenue, and therefore no changes to the previously issued audited financial statements (presented in these financial statements as comparative financial information) were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the new standards.

ASU 2018-13 Changes to the Disclosure Requirements for Fair Value Measurement

In fiscal year 2020, the Club adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements for fair value measurements, and removed disclosures related to transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing transfers between levels, the valuation process of Level 3 fair value measurements, and a roll forward of Level 3 investments. The adoption of this ASU did not have a significant impact on the financial statements.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Receivables

Accounts receivable consists primarily of noninterest-bearing amounts due for services and programs. The allowance for uncollectable accounts receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

Unconditional contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities. The allowance for uncollectable contributions is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectable. Management has determined that no allowance is necessary.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, if purchased, and at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed, and any resulting gain or loss is included in the Statement of Activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment in fiscal years 2020 or 2019.

Net Assets

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions

Net assets 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 while permitting the Club to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

The Club recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Club has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the Statement of Financial Position. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Special events revenue is recognized equal to the fair value of direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

The Club recognizes revenue from program service fees, including tuitions, memberships, rental fees, merchandise sales, and activities during the year in which the related goods or services are provided. The performance obligation of delivering program services is simultaneously received and consumed by the program participants; therefore, the revenue is recognized ratably over the course of the enrollment period. The Club recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. Facility rentals are recognized when the performance obligation of providing space for the event is satisfied. Revenue from merchandise sales is recognized when goods are provided.

Donated Services and In-Kind Donations

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by Generally Accepted Accounting Principles. Generally Accepted Accounting Principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets and (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated professional services are recorded at the respective fair values of the services received. Contributed goods are recorded at fair value at the date of donation and as expenses when placed in service or distributed. Donated use of facilities is reported as a contribution and as an expense at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the amount is reported as a contribution and an unconditional promise to give at the date of the gift, and the expense is reported over the term of use.

Advertising Costs

Advertising costs are expensed as incurred and are reported in the Statement of Activities and Statement of Functional Expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Club has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for charitable contribution deductions, and has been determined not to be a private foundation. The Club is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Club is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. In fiscal year’s 2020 and 2019, the Club was not subject to unrelated business income tax and did not file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates
The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk
Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates.

Fair Value Measurements and Disclosures
Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

New Accounting Standards to be Adopted in the Future

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right of use asset and lease liability on the Statement of Financial Position at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. This ASU will be effective for the Club for the year ending June 30, 2023. The Club is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses of Financial Instruments*. The ASU requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This ASU will be effective for the Club for the year ending June 30, 2024. The Club is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; material and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash or other financial assets. It also requires certain disclosures for each category of contributed nonfinancial assets recognized. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Club is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, are comprised of the following at June 30, 2020 and 2019:

Financial assets at year end	2020	2019
Cash and cash equivalents	$ 1,000,840	$ 462,117
Accounts receivable	20,446	156,489
Contributions receivable	229,182	67,306
Beneficial interest	5,046,726	5,133,177
Total financial assets	6,297,194	5,819,089
Less amounts not available to be used within one year		
Net assets with donor restrictions (time and purpose)	(329,161)	(234,447)
Beneficial interest	(5,046,726)	(5,133,177)
Total not available	(5,375,887)	(5,367,624)
Financial assets available to meet general expenditures over the next year	$ 921,307	$ 451,465

The Club regular monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next year, the Club operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As part of its liquidity management plan, the Club also has $300,000 line of credit available to meet cash flow needs.

4. Contributions Receivable

The carrying amount of contributions receivable due in more than one year is based on the discounted net present value of the expected future cash receipts, and approximates fair value. Unconditional contributions receivable are estimated to be collected as follows at June 30, 2020 and 2019:

	2020	2019
Within one year	$ 155,182	$ 5,759
In one to five years	74,000	61,547
Total	$ 229,182	$ 67,306

5. Property and Equipment

Property and equipment consists of the following at June 30, 2020 and 2019:

	2020	2019
Land, building and improvements	$ 6,575,212	$ 6,469,399
Club equipment	839,795	818,283
Office equipment	63,890	63,890
Vehicles	305,990	305,990
Subtotal	7,784,887	7,657,562
Less accumulated depreciation	(4,164,567)	(3,965,838)
Total	$ 3,620,320	$ 3,691,724

6. Beneficial Interest

The Club is the sole beneficiary of the Boys & Girls Club of Greater Nashua Charitable Foundation Trust (the Foundation). The Foundation is a 501(c) (3) trust established in 1992 for the sole purpose of holding, investing, and managing the Club's endowment funds on behalf of the Club. The Foundation is governed by an independent board consisting of fifteen trustees, three of whom are also directors of the Club. The fair market value of the funds held by the Foundation is included on the Club's financial statements entitled "Beneficial Interest".

Currently, it is the Foundation's policy to contribute to the Club's operating budget an amount equal to five percent (5%) of the Foundation's latest three-year average net assets. In fiscal years 2020 and 2019 the amount contributed was $210,072 and $192,324 respectively.

7. Line of Credit

The Club has a $300,000 line of credit, secured by all assets, available through April 2021. The interest rate is Prime less 0.5%. There were no borrowings outstanding at June 30, 2020 or 2019.

8. Notes Payable

The Club has a note payable, dated July 2019, to the New Hampshire Health and Education Facilities Authority, due in monthly installments of $2,564, including principal and interest at 1%, maturing in August, 2024. The outstanding balance on this note was $20,284 at June 30, 2020. The carrying value of notes payable, including the current portion, approximates fair value at June 30, 2020, based on current borrowing rates for notes with similar maturities.

9. Paycheck Protection Program Refundable Advance

On April 20, 2020 the Club qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for an aggregate principal amount of $372,700 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Club’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Agency. As of June 30, 2020, $260,066 of eligible costs had been incurred, and grant revenue in the same amount recognized. $112,634 is available for fiscal year 2021. The Club intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Club will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in August 2021 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at June 30, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Scholarship	$ 43,897	$ 86,813
Programs	95,454	86,087
Accounting system	110,050	-
Conference room chairs	3,600	-
Kicks for Kids	2,160	-
	255,161	172,900
Time restrictions	74,000	61,547
Beneficial interest	5,046,726	5,133,177
Total	$ 5,375,887	$ 5,367,624

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Expiration of time restrictions	$ 128,447	$ 102,845
Satisfaction of purpose restrictions:		
Scholarships	79,200	50,215
Food program	76,969	96,352
Pool renovations	62,371	-
Kicks for Kids	10,225	-
Capital asset purchases	-	11,442
Other programs	71,126	41,632
Total	$ 428,338	$ 302,486

11. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, certain professional services, office expenses, information technology, and insurance, which are allocated on the basis of estimates of time and effort.

12. Retirement Plan

The Club participates in the Boys & Girls Club of America Pension Plan for the employees who are at least 21 years of age and have completed one year of employment. Contributions for the years ended June 30, 2020 and 2019 totaled $101,338 and $104,546, respectively.

13. Contingencies

Grants

The Club receives funds under various state and federal programs. Under the terms of these programs, the Club is required to use the funds within the period for purposes specified. If the expenditures are found not to have been made in compliance with the grants, the Club might be required to repay the funds.

COVID-19

The COVID-19 outbreak in the United States has resulted in economic uncertainties for many. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on the Club's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on those served, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Club's financial condition or results of operations is uncertain.

14. Donated Services and In-Kind Donations

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation, are recorded at their fair values in the period received. The Club received contributions of services from Americorp and Vista in fiscal years 2020 and 2019. These donated services have not been recognized in the accompanying financial statements because the criteria for recognition of such donated services have not been satisfied. The assistance provided to the Club was for one staff in fiscal year 2020 and two staff in fiscal year 2019. The Club pays a discounted fee of approximately 30% to these organizations for the use of their staff. This staff is critical for the operation of the Club's programs and the safety of the Club's members. The Club estimates the value of these donated services for the years ended June 30, 2020 and 2019 to be $21,900 and $12,600, respectively. If the funding agencies were to discontinue their assistance, the Club would have to obtain funding elsewhere or discontinue some of the programs.

15. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

16. Subsequent Events

Subsequent events have been evaluated through October 28, 2020, the date the financial statements were available to be issued.