

NANTUCKET BOYS' & GIRLS' CLUB, INC.
(A Not-for-Profit Organization)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

NANTUCKET BOYS' & GIRLS' CLUB, INC.

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Burke & Lamb, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nantucket Boys' & Girls' Club, Inc.
Nantucket, Massachusetts

We have audited the accompanying financial statements of Nantucket Boys' & Girls Club, Inc. (a Massachusetts corporation, not-for-profit organization) which comprise the statement of financial position as of December 31, 2019 and 2018, 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.

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 of 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.

Peter C. Lamb, C.P.A.

Alan R. Riendeau, C.P.A.

David J. Burke, C.P.A. (1960-2009)

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nantucket Boys' & Girls' Club, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Burke & Lamb, P.C.

Burke & Lamb, P.C.
Certified Public Accountants
New Bedford, Massachusetts
April 17, 2020

NANTUCKET BOYS' & GIRLS' CLUB, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 440,880	\$ 394,464
Accounts receivable - fundraising events, programs	33,578	66,284
Pledges receivable (net of allowance of \$25,000 and \$41,000 for 2019 and 2018, respectively)	231,410	231,089
Interest receivable	33	25
Prepaid expenses	11,812	8,725
Unexpired insurance	59,341	54,739
Total current assets	<u>777,054</u>	<u>755,326</u>
Fixed assets	17,462,885	16,712,085
Less accumulated depreciation	<u>(3,446,187)</u>	<u>(3,002,690)</u>
	<u>14,016,698</u>	<u>13,709,395</u>
Cash - non-current	1,260,754	603,403
Pledges receivable (net of allowance of \$46,000 and \$15,000 and discount of \$22,500 and \$3,000 for 2019 and 2018, respectively)	287,500	82,000
Investments	2,873,648	2,382,350
Note receivable	81,180	82,045
	<u>4,503,082</u>	<u>3,149,798</u>
Total Assets	<u>\$ 19,296,834</u>	<u>\$ 17,614,519</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 49,549	\$ 26,692
Accrued expenses	80,852	68,480
Total current liabilities	<u>130,401</u>	<u>95,172</u>
Mortgage payable	1,250,000	1,500,000
Total liabilities	<u>1,380,401</u>	<u>1,595,172</u>
Net assets:		
Without donor restrictions:		
Undesignated	15,386,376	14,618,318
Board designated	250,643	250,643
Total without donor restrictions	<u>15,637,019</u>	<u>14,868,961</u>
With donor restrictions	2,279,414	1,150,386
Total net assets	<u>17,916,433</u>	<u>16,019,347</u>
Total Liabilities and Net Assets	<u>\$ 19,296,834</u>	<u>\$ 17,614,519</u>

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

NANTUCKET BOYS' & GIRLS' CLUB, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Operating revenues			
Contributions and grants	\$ 700,002	\$ 23,592	\$ 723,594
Membership dues	151,060	-	151,060
Program revenue	212,330	-	212,330
Investment income	62,690	-	62,690
Other income	179,444	-	179,444
Total operating revenues	<u>1,305,526</u>	<u>23,592</u>	<u>1,329,118</u>
Fundraising events	1,275,562	-	1,275,562
Less: direct fundraising costs	(403,445)	-	(403,445)
Net revenues from fundraising events	<u>872,117</u>	<u>-</u>	<u>872,117</u>
Operating expenses before depreciation:			
Program services	1,646,501	-	1,646,501
Management and general	425,934	-	425,934
Fundraising	82,501	-	82,501
Total operating expenses before depreciation	<u>2,154,936</u>	<u>-</u>	<u>2,154,936</u>
Change in net assets before depreciation	22,707	23,592	46,299
Depreciation expense	<u>443,497</u>	<u>-</u>	<u>443,497</u>
Change in net assets from operating activities	<u>(420,790)</u>	<u>23,592</u>	<u>(397,198)</u>
Non-operating activities:			
Contributions for capital activities	28,872	1,863,361	1,892,233
Investment return in excess of amounts designated for operations	402,051	-	402,051
Net assets released from restrictions	<u>757,925</u>	<u>(757,925)</u>	<u>-</u>
Change in net assets from non-operating activities	<u>1,188,848</u>	<u>1,105,436</u>	<u>2,294,284</u>
Change in net assets	768,058	1,129,028	1,897,086
Net assets, beginning of year	<u>14,868,961</u>	<u>1,150,386</u>	<u>16,019,347</u>
Net assets, end of year	<u>\$ 15,637,019</u>	<u>\$ 2,279,414</u>	<u>\$ 17,916,433</u>

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

NANTUCKET BOYS' & GIRLS' CLUB, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Operating revenues			
Contributions and grants	\$ 597,783	\$ 140,400	\$ 738,183
Membership dues	151,023	-	151,023
Program revenue	232,732	-	232,732
Investment income	53,773	-	53,773
Other income	176,696	-	176,696
Total operating revenues	<u>1,212,007</u>	<u>140,400</u>	<u>1,352,407</u>
Fundraising events	1,197,067		1,197,067
Less: direct fundraising costs	(352,796)		(352,796)
Net revenues from fundraising events	<u>844,271</u>	<u>-</u>	<u>844,271</u>
Operating expenses before depreciation:			
Program services	1,468,138	-	1,468,138
Management and general	364,562	-	364,562
Fundraising	68,434	-	68,434
Total operating expenses before depreciation	<u>1,901,134</u>	<u>-</u>	<u>1,901,134</u>
Change in net assets before depreciation	155,144	140,400	295,544
Depreciation expense	<u>436,432</u>	<u>-</u>	<u>436,432</u>
Change in net assets from operating activities	<u>(281,288)</u>	<u>140,400</u>	<u>(140,888)</u>
Non-operating activities:			
Contributions for capital activities	-	49,200	49,200
Investment return in deficit of amounts designated for operations	(209,095)	-	(209,095)
Net assets released from restrictions	10,909	(10,909)	-
Change in net assets from non-operating activities	<u>(198,186)</u>	<u>38,291</u>	<u>(159,895)</u>
Change in net assets	(479,474)	178,691	(300,783)
Net assets, beginning of year	<u>15,348,435</u>	<u>971,695</u>	<u>16,320,130</u>
Net assets, end of year	<u>\$ 14,868,961</u>	<u>\$ 1,150,386</u>	<u>\$ 16,019,347</u>

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

NANTUCKET BOYS' & GIRLS' CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 852,560	\$ 170,512	\$ 42,628	\$ 1,065,700
Employee benefits	121,560	24,312	6,078	151,950
Payroll taxes	68,036	13,607	3,402	85,045
Total payroll and related expenses	1,042,156	208,431	52,108	1,302,695
Utilities	50,533	10,107	6,738	67,378
Repairs and maintenance	234,870	41,448	-	276,318
Professional fees	-	85,565	-	85,565
Equipment rental	-	6,633	-	6,633
Office expense	60,613	7,578	7,578	75,769
Insurance	72,001	12,706	-	84,707
Program travel and supplies	76,362	-	-	76,362
Vehicle expense	25,456	-	-	25,456
Miscellaneous	-	22,580	2,809	25,389
Conference/training	-	9,562	-	9,562
Dues and subscriptions	7,375	7,376	-	14,751
Employee housing	33,578	6,716	1,679	41,973
Building project expenses	2,578	-	6,750	9,328
Annual appeal	-	-	4,839	4,839
Interest expense	40,979	7,232	-	48,211
Total expenses before depreciation	1,646,501	425,934	82,501	2,154,936
Depreciation	376,972	66,525	-	443,497
Total expenses	<u>\$ 2,023,473</u>	<u>\$ 492,459</u>	<u>\$ 82,501</u>	<u>\$ 2,598,433</u>

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

NANTUCKET BOYS' & GIRLS' CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 748,031	\$ 149,606	\$ 37,402	\$ 935,039
Employee benefits	105,659	21,132	5,283	132,074
Payroll taxes	60,478	12,096	3,024	75,598
Total payroll and related expenses	914,168	182,834	45,709	1,142,711
Utilities	50,837	10,167	6,778	67,782
Repairs and maintenance	238,205	42,036	-	280,241
Professional fees	-	56,290	-	56,290
Equipment rental	-	3,739	-	3,739
Office expense	46,202	5,775	5,775	57,752
Insurance	74,280	13,108	-	87,388
Program travel and supplies	41,200	-	-	41,200
Vehicle expense	14,128	-	-	14,128
Miscellaneous	-	17,380	4,366	21,746
Conference/training	-	11,011	-	11,011
Dues and subscriptions	7,122	7,123	-	14,245
Employee housing	26,732	5,347	1,337	33,416
Annual appeal	-	-	4,469	4,469
Interest expense	55,264	9,752	-	65,016
Total expenses before depreciation	1,468,138	364,562	68,434	1,901,134
Depreciation	370,967	65,465	-	436,432
Total expenses	\$ 1,839,105	\$ 430,027	\$ 68,434	\$ 2,337,566

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

NANTUCKET BOYS' & GIRLS' CLUB, INC.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,897,086	\$ (300,783)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	443,497	436,432
Net realized/unrealized (gain) loss on investments	(402,051)	209,095
Change in pledge receivable allowance and discount	34,500	(49,200)
Donation of furniture and fixtures		(3,199)
Changes in:		
Accounts receivable	32,706	(60,134)
Pledges receivable	(240,321)	281,000
Interest receivable	(8)	(25)
Prepaid expenses	(3,087)	916
Unexpired insurance	(4,602)	27
Accounts payable	22,857	(38,677)
Accrued expenses	12,372	29,403
Net cash provided by operating activities	1,792,949	504,855
Cash Flows from Investing Activities:		
Purchase of fixed assets and employee housing	(44,290)	(102,600)
Construction in progress	(706,510)	-
Proceeds from sales of investments	81,628	157,616
Purchase of investments	(170,875)	(206,142)
Payments from related party	865	759
Net cash used in investing activities	(839,182)	(150,367)
Cash Flows from Financing Activities:		
Repayments on mortgage payable	(250,000)	(974,594)
Net cash used in financing activities	(250,000)	(974,594)
Increase (decrease) in cash and cash equivalents	703,767	(620,106)
Cash and cash equivalents, beginning of year	997,867	1,617,973
Cash and cash equivalents, end of year	\$ 1,701,634	\$ 997,867
Cash paid for interest	\$ 49,442	\$ 68,262
Non-cash transactions:		
Gift of supplies, services, furniture and fixtures	\$ 1,410	\$ 7,686

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

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES:

a. Nature of Organization:

Nantucket Boys & Girls Club, Inc. (the "Club") is a charitable organization incorporated in Massachusetts and located on Nantucket Island. It provides a program of social, athletic, and vocational activities for boys and girls. The Club is supported primarily through donor contributions and grants, fundraising events and program revenue.

b. Nature of Operations:

In the statement of activities the Club includes in its definition of operations all revenue and expenses that are an integral part of its programs and supporting activities. Capital activities and investment income are classified as non-operating activities.

c. Basis of Presentation:

The financial statements of the Club have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Club. The Club's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Club or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Contributions:

Contributions are recognized when the donor makes a promise to give to the Club that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

f. Donated Materials and Services:

Donated materials and equipment are recorded at estimated fair market value at the date of receipt. Donations of long-term assets are reported as without donor restrictions contributions unless explicit donor stipulations specify how the donated asset must be used. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Club reports expirations of donor restrictions when the donated asset is placed in service.

For the years ended December 31, 2019 and 2018, the Club recognized revenue and expense of \$1,410 and \$7,686, respectively for landscaping, program supplies, fundraising costs and furniture and fixtures related to donations of professional services and goods.

The Club does not record any support, revenue or expense from services contributed by non-professional volunteers. If any support, revenue or expenses were recorded it would be determined based on the difference between any amount paid to an individual and the comparable compensation that would be paid to an individual if they were to occupy these paid positions.

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Property and Equipment:

Property and equipment are stated at cost, if purchased and at estimated fair market value at the time of receipt, if donated. The cost and related accumulated depreciation of assets retired or otherwise disposed of or sold are removed from the accounts and any resulting gain or loss is recognized as income or expense for the period. Major additions and improvements are capitalized. Repairs and maintenance are charged to expense as incurred. Property and equipment are depreciated over the straight-line method over their estimated useful lives. No depreciation is taken on assets not yet placed in service.

h. Advertising:

The Club expenses advertising costs as incurred. Advertising costs were \$2,809 and \$1,831 for the years ended December 31, 2019 and 2018, respectively.

i. Income Taxes:

The Club is a not-for-profit public charity, exempt from federal income taxes in accordance with Section 501 (c)(3) of the Internal Revenue Code. Management believes that the Club operates in a manner consistent with their tax exempt status at both the state and federal level. The Club currently has no tax examinations in progress.

The Club is required to file IRS Form 990 - *Return of Organization Exempt From Income Tax* reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for three years after they are filed.

j. Functional Expenses:

The costs of administering and providing the programs and other activities are allocated on a basis which reflects the level of effort expended on the supported services.

k. Cash and Cash Equivalents:

Demand deposits and savings accounts are considered to be cash equivalents for financial statement reporting purposes.

l. Pledges Receivable:

Pledges receivable represent amounts due from capital campaign contribution pledges. A reserve for uncollectible pledges of \$71,000 and \$56,000 has been recorded as of December 31, 2019 and 2018, respectively (see Note H).

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE B – INVESTMENTS:

The Organization reports its investments in marketable securities at fair value in accordance with FASB ASC 958-320-50-3. Investments in marketable securities with readily determinable fair values and all investments in debt securities valued at their fair values based on quoted prices in active markets (all Level 1 measurements) are reported at their fair values in the statement of financial position. Accordingly, investments include accumulated unrealized gains of \$620,287 and \$189,432 at December 31, 2019 and 2018, respectively.

Investments as of December 31, consist of the following:

	2019		2018	
	Cost	Fair Market Value	Cost	Fair Market Value
Fixed income mutual funds	790,694	807,964	775,414	759,827
Domestic stock mutual funds	855,524	1,325,212	832,411	1,013,121
International stock mutual funds	607,143	740,472	585,093	609,402
Total	\$ 2,253,361	\$ 2,873,648	\$ 2,192,918	\$ 2,382,350

Investment income reported in the statement of activities is net of investment fees of \$11,656 and \$11,616 for the years ended December 31, 2019 and 2018, respectively. Subsequent to December 31, 2019 the stock market experienced a significant decline in value as the S&P 500 Index declined 10.5% through April 17, 2020. Through April 17, 2020 the Club's domestic stock mutual fund declined by 12%, their international stock mutual fund declined 20% while the fixed income funds increased approximately .5% to 7%. The Club has adjusted their portfolio allocation to 50% equity funds and 50% fixed income funds and will continue to monitor their investments.

NOTE C – NET ASSETS WITH DONOR RESTRICTIONS:

The Club has received contributions of \$149,325 for its endowment. The income from these funds is available for operations. The investments have been combined with other Club investments and they are invested, through an advisor, in a mix of equities, bonds and cash equivalents (see Note B). Net assets with donor restrictions also consist of amounts donated to the Club with donor-imposed restrictions. Net assets with donor restrictions as of December 31, are as follows:

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE C – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

	2019	2018
Endowment	\$ 149,325	\$ 149,325
Net assets with donor restrictions subject to expenditure for specified purpose:		
Employee housing	1,216,373	100,000
Scholarships	9,459	9,459
Capital campaign/building Programs	801,374	787,127
	102,883	104,475
	2,130,089	1,001,061
	\$ 2,279,414	\$ 1,150,386

Net assets were released from restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	2019	2018
Purpose restriction accomplished:		
Programs	\$ 25,184	\$ 5,577
Capital campaign/building	16,903	5,332
Employee housing	715,838	-
	\$ 757,925	\$ 10,909

NOTE D – FIXED ASSETS:

Fixed Assets as of December 31, are as follows:

	2019	2018
Land	\$ 1,583,351	\$ 1,583,351
Land improvements	284,137	284,137
Vehicles	63,874	37,432
Buildings	2,168,574	2,168,574
Building renovations	12,013,445	12,013,445
Equipment, furniture & fixtures	642,994	625,146
Construction in progress	706,510	-
	17,462,885	16,712,085
Less: accumulated depreciation	(3,446,187)	(3,002,690)
Total	\$ 14,016,698	\$ 13,709,395

Depreciation expense for the years ended December 31, 2019 and 2018 was \$443,497 and \$436,432, respectively.

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE E – RETIREMENT PLAN:

Effective in 1987, the Club implemented a plan whereby the employees may elect to make 403(b) retirement contributions pursuant to a salary reduction agreement upon meeting age and length-of-service requirements.

Effective January 1, 2018, the Club implemented a 401(k) profit sharing plan for all eligible employees. The Club will make safe harbor matching contributions up to 5% of eligible employees compensation. The Club can also make annual profit sharing contributions at the Board's discretion. The pension expense for the years ended December 31, 2019 and 2018 was \$29,035 and \$35,438, respectively.

NOTE F - TRANSACTIONS WITH NATIONAL AFFILIATE:

The Club is affiliated with the Boys and Girls of America, Inc. Dues to the affiliate amounted to \$8,151 and \$7,945 for the years ended December 31, 2019 and 2018, respectively.

NOTE G - PROMISES TO GIVE:

Included in "Pledges Receivable" are the following unconditional promises to give:

	2019	2018
Capital campaign pledges	\$ 612,410	\$ 372,089
Less: Allowance for uncollectibles	(71,000)	(56,000)
Amortized discount	(22,500)	(3,000)
Net unconditional promises to give	<u>\$ 518,910</u>	<u>\$ 313,089</u>
Amounts due in:		
Less than one year	\$ 256,410	\$ 272,089
One to five years	356,000	100,000
	<u>\$ 612,410</u>	<u>\$ 372,089</u>

Pledges receivable with due dates extending beyond one year are discounted using a rate of 3%.

NOTE H - CONCENTRATIONS OF CREDIT RISK:

The Club maintains several bank accounts at three banks. Cash at an institution may exceed federally insured limits at times during the year. The Club has not experienced any losses on such accounts.

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE I – COMMERCIAL MORTGAGE:

In 2017 the Club entered into a commercial mortgage loan with a local bank for up to \$3,000,000 for the purposes of purchasing property for employee housing and related improvements. The interest rate is fixed at 3.75% and the Club is making monthly interest payments with the principal balance due at maturity which is May 11, 2020. The Club expects the loan to be extended for another three years and as a result, the loan is shown as a non-current liability on the balance sheet. The Club made principal payments of \$250,000 and \$974,594 during the years ended December 31, 2019 and 2018, respectively. The loan is secured by the property. The outstanding balance on the loan was \$1,250,000 and \$1,500,000 at December 31, 2019 and 2018, respectively.

NOTE J - NOTE RECEIVABLE:

In conjunction with the sale of residential property to an employee of the Club, the Club has a note receivable of \$81,180 and \$82,045 due from the employee as of December 31, 2019 and 2018, respectively. The note requires monthly interest payments at the rate of 3.75%. Interest income on this note was \$3,043 and \$3,092 for the years ended December 31, 2019 and 2018, respectively.

The principal on the note is due on the earlier of 1) the employee leaving employment at the Club, 2) transfer of the property to an unrelated third party purchaser or 3) September 1, 2037.

NOTE K – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

As detailed on the statement of financial position, the Club has \$705,901 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. The Club also has available unrestricted investments which management does not plan on spending within one year of the date of the statement of financial position and therefore those investments have been classified in non-current assets on the statement of financial position.

NOTE L – COMMITMENT:

The Club entered into a deferred compensation agreement in November 2019 with a key employee as part of the Club's continued assessment of market compensation for employees. The agreement specified that there is a risk of forfeiture of the benefit if the employee terminates employment prior to the employee's expected retirement date of December 31, 2020. If there is no forfeiting event, the Club is committed to pay \$90,000 a year for five years starting on February 1, 2021. There are payment acceleration provisions in the agreement depending on the timing of the tax impact to the employee. The employee is expected to provide consulting services and fund-raising support as requested throughout the payment period.

NOTE M – CONCENTRATIONS:

The employee housing capital campaign accounted for 45% of the Club's revenue for the year ended December 31, 2019.

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE N – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through April 17, 2020, the date on which the financial statements were available to be issued. No such events requiring disclosure subsequent to year end were noted as of April 17, 2020 except as noted in Note B and as follows.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact operations going forward. Other financial impact could occur though such potential impact is unknown at this time.