

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

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

NANTUCKET BOYS' & GIRLS' CLUB, INC.

Table of Contents

Independent Auditors' Report	3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	7
Statement of Cash Flows	9
Notes to Financial Statements	10

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, 2020 and 2019, 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, 2020 and 2019, 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
May 21, 2021

NANTUCKET BOYS' & GIRLS' CLUB, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 1,453,205	\$ 440,880
Accounts receivable - fundraising events, programs	31,393	33,578
Pledges receivable (net of allowance of \$54,000 and \$25,000 for 2020 and 2019, respectively)	477,764	231,410
Interest receivable	-	33
Prepaid expenses	11,574	11,812
Unexpired insurance	55,645	59,341
Total current assets	<u>2,029,581</u>	<u>777,054</u>
Fixed assets	18,126,712	17,462,885
Less accumulated depreciation	<u>(3,923,365)</u>	<u>(3,446,187)</u>
	<u>14,203,347</u>	<u>14,016,698</u>
Cash - non-current	2,617,936	1,260,754
Pledges receivable (net of allowance of \$101,000 and \$46,000 and discount of \$49,500 and \$22,500 for 2020 and 2019, respectively)	751,556	287,500
Investments	3,077,821	2,873,648
Deposits	5,000	-
Note receivable	70,274	81,180
	<u>6,522,587</u>	<u>4,503,082</u>
Total Assets	<u>\$ 22,755,515</u>	<u>\$ 19,296,834</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 44,276	\$ 49,549
Accrued expenses	519,070	80,852
Total current liabilities	<u>563,346</u>	<u>130,401</u>
Mortgage payable	1,500,000	1,250,000
Total liabilities	<u>2,063,346</u>	<u>1,380,401</u>
Net assets:		
Without donor restrictions:		
Undesignated	16,074,369	15,386,376
Board designated	250,643	250,643
Total without donor restrictions	<u>16,325,012</u>	<u>15,637,019</u>
With donor restrictions	4,367,157	2,279,414
Total net assets	<u>20,692,169</u>	<u>17,916,433</u>
Total Liabilities and Net Assets	<u>\$ 22,755,515</u>	<u>\$ 19,296,834</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Operating revenues			
Contributions and grants	\$ 1,319,357	\$ 17,790	\$ 1,337,147
Membership dues	53,856	-	53,856
Program revenue	155,226	-	155,226
Investment income	46,444	-	46,444
Other income	347,049	-	347,049
Total operating revenues	<u>1,921,932</u>	<u>17,790</u>	<u>1,939,722</u>
 Fundraising events	 1,019,167	 -	 1,019,167
Less: direct fundraising costs	(68,782)	-	(68,782)
Net revenues from fundraising events	<u>950,385</u>	<u>-</u>	<u>950,385</u>
 Operating expenses before depreciation:			
Program services	1,948,320	-	1,948,320
Management and general	493,560	-	493,560
Fundraising	110,858	-	110,858
Total operating expenses before depreciation	<u>2,552,738</u>	<u>-</u>	<u>2,552,738</u>
 Change in net assets before depreciation	 319,579	 17,790	 337,369
 Depreciation expense	 477,178	 -	 477,178
 Change in net assets from operating activities	<u>(157,599)</u>	<u>17,790</u>	<u>(139,809)</u>
 Non-operating activities:			
Contributions for capital activities	-	2,752,679	2,752,679
Investment return in excess of amounts designated for operations	162,866	-	162,866
Net assets released from restrictions	682,726	(682,726)	-
 Change in net assets from non-operating activities	<u>845,592</u>	<u>2,069,953</u>	<u>2,915,545</u>
 Change in net assets	687,993	2,087,743	2,775,736
 Net assets, beginning of year	<u>15,637,019</u>	<u>2,279,414</u>	<u>17,916,433</u>
 Net assets, end of year	<u>\$ 16,325,012</u>	<u>\$ 4,367,157</u>	<u>\$ 20,692,169</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 FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 1,257,045	\$ 251,409	\$ 62,852	\$ 1,571,306
Employee benefits	128,022	25,605	6,401	160,028
Payroll taxes	67,237	13,447	3,362	84,046
Total payroll and related expenses	1,452,304	290,461	72,615	1,815,380
Utilities	44,698	8,940	5,960	59,598
Repairs and maintenance	144,150	25,438	-	169,588
Professional fees	-	83,367	-	83,367
Equipment rental	-	9,491	-	9,491
Office expense	40,952	5,120	5,120	51,192
Insurance	77,757	13,722	-	91,479
Program travel and supplies	92,300	-	-	92,300
Vehicle expense	17,483	-	-	17,483
Miscellaneous	-	20,607	22,279	42,886
Conference/training	-	3,206	-	3,206
Dues and subscriptions	10,726	10,727	-	21,453
Employee housing	22,330	4,466	1,116	27,912
Building project expenses	208	-	-	208
Annual appeal	-	-	3,768	3,768
Forgiveness of related party debt	-	10,000	-	10,000
Interest expense	45,412	8,015	-	53,427
Total expenses before depreciation	1,948,320	493,560	110,858	2,552,738
Depreciation	405,601	71,577	-	477,178
Total expenses	\$ 2,353,921	\$ 565,137	\$ 110,858	\$ 3,029,916

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	<u>1,042,156</u>	<u>208,431</u>	<u>52,108</u>	<u>1,302,695</u>
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	<u>1,646,501</u>	<u>425,934</u>	<u>82,501</u>	<u>2,154,936</u>
Depreciation	<u>376,972</u>	<u>66,525</u>	<u>-</u>	<u>443,497</u>
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 CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,775,736	\$ 1,897,086
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	477,178	443,497
Net realized/unrealized gain on investments	(162,866)	(402,051)
Change in pledge receivable allowance and discount	111,000	34,500
Paycheck Protection Program loan forgiven	(229,200)	-
Forgiveness of related party debt	10,000	-
Changes in:		
Accounts receivable	2,185	32,706
Pledges receivable	(821,410)	(240,321)
Interest receivable	33	(8)
Prepaid expenses	238	(3,087)
Unexpired insurance	3,696	(4,602)
Deposits	(5,000)	-
Accounts payable	(5,273)	22,857
Accrued expenses	438,218	12,372
Net cash provided by operating activities	2,594,535	1,792,949
Cash Flows from Investing Activities:		
Purchase of fixed assets and employee housing	(533,667)	(44,290)
Construction in progress	(130,160)	(706,510)
Proceeds from sales of investments	564,697	81,628
Purchase of investments	(606,004)	(170,875)
Payments from related party	906	865
Net cash used in investing activities	(704,228)	(839,182)
Cash Flows from Financing Activities:		
Borrowings on mortgage payable	1,000,000	-
Repayments on mortgage payable	(750,000)	(250,000)
Paycheck Protection Program loan	229,200	-
Net cash provided by (used in) financing activities	479,200	(250,000)
Increase in cash and cash equivalents	2,369,507	703,767
Cash and cash equivalents, beginning of year	1,701,634	997,867
Cash and cash equivalents, end of year	\$ 4,071,141	\$ 1,701,634
Cash paid for interest	\$ 56,812	\$ 49,442
Non-cash transactions:		
Gift of supplies and services	\$ 1,273	\$ 1,410

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

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019, the Club recognized revenue and expense of \$1,273 and \$1,410, respectively for employee housing, maintenance, office supplies and administrative expenses, 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, 2020 and 2019

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 \$1,227 and \$2,809 for the years ended December 31, 2020 and 2019, 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 \$155,000 and \$71,000 has been recorded as of December 31, 2020 and 2019, respectively (see Note G).

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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 \$698,926 and \$620,287 at December 31, 2020 and 2019, respectively.

Investments as of December 31, consist of the following:

	2020		2019	
	Cost	Fair Market	Cost	Fair Market
		Value		Value
Fixed income mutual funds	1,321,558	1,395,925	790,694	807,964
Domestic stock mutual funds	554,689	1,012,982	855,524	1,325,212
International stock mutual funds	502,648	668,914	607,143	740,472
Total	<u>\$ 2,378,895</u>	<u>\$ 3,077,821</u>	<u>\$2,253,361</u>	<u>\$2,873,648</u>

Investment income reported in the statement of activities is net of investment fees of \$11,925 and \$11,656 for the years ended December 31, 2020 and 2019, respectively.

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, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Endowment	\$ 149,325	\$ 149,325
Net assets with donor restrictions subject to expenditure for specified purpose:		
Employee housing	3,361,253	1,216,373
Scholarships	9,459	9,459
Capital campaign/building Programs	740,141	801,374
	<u>106,979</u>	<u>102,883</u>
	<u>4,217,832</u>	<u>2,130,089</u>
	<u>\$ 4,367,157</u>	<u>\$ 2,279,414</u>

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

	<u>2020</u>	<u>2019</u>
Purpose restriction accomplished:		
Programs	\$ 13,694	\$ 25,184
Capital campaign/building	83,733	16,903
Employee housing	585,299	715,838
	<u>\$ 682,726</u>	<u>\$ 757,925</u>

NOTE D – FIXED ASSETS:

Fixed Assets as of December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,583,351	\$ 1,583,351
Land improvements	543,131	284,137
Vehicles	63,874	63,874
Buildings	3,071,024	2,168,574
Building renovations	12,066,914	12,013,445
Equipment, furniture & fixtures	668,258	642,994
Construction in progress	130,160	706,510
	<u>18,126,712</u>	<u>17,462,885</u>
Less: accumulated depreciation	<u>(3,923,365)</u>	<u>(3,446,187)</u>
Total	<u>\$14,203,347</u>	<u>\$14,016,698</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$477,178 and \$443,497, respectively.

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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, 2020 and 2019 was \$36,179 and \$29,035, 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 \$8,253 and \$8,151 for the years ended December 31, 2020 and 2019, respectively.

NOTE G - PROMISES TO GIVE:

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

	2020	2019
Capital campaign pledges	\$ 1,433,820	\$ 612,410
Less: Allowance for uncollectibles	(155,000)	(71,000)
Amortized discount	(49,500)	(22,500)
Net unconditional promises to give	<u>\$ 1,229,320</u>	<u>\$ 518,910</u>
Amounts due in:		
Less than one year	\$ 531,764	\$ 256,410
One to five years	902,056	356,000
	<u>\$ 1,433,820</u>	<u>\$ 612,410</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, 2020 and 2019

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 3.5% and the Club is making monthly interest payments with the principal balance due at maturity which was May 11, 2020. The loan maturity was extended to May 5, 2023. The loan is secured by the property. The outstanding balance on the loan was \$1,500,000 and \$1,250,000 at December 31, 2020 and 2019, 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 \$70,274 and \$81,180 due from the employee as of December 31, 2020 and 2019, respectively. The note requires monthly interest payments at the rate of 3.75%. Interest income on this note was \$3,036 and \$3,043 for the years ended December 31, 2020 and 2019, respectively. The Board forgave \$10,000 of the loan principal in December, 2020 and in January, 2021.

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 \$1,962,362 of financial assets comprised of cash and cash equivalents, accounts receivable and pledges receivable 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. There was no forfeiting event, therefore 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. The present value of the payments calculated at \$447,265 has been accrued at December 31, 2020 and the related expense has been recorded in the Statement of Activities for the year ended December 31, 2020. The first \$90,000 payment was made on February 1, 2021 and the tax acceleration payment of \$160,000 was made on March 23, 2021.

NANTUCKET BOYS' & GIRLS' CLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE M – CONCENTRATIONS:

The employee housing capital campaign accounted for 48% and 45% of the Club's revenue for the years ended December 31, 2020 and 2019, respectively.

NOTE N - RISKS AND UNCERTAINTIES:

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Club, COVID-19 may impact various parts of the fiscal year 2021 operations and financial results including but not limited to additional costs for increased use of technology, potential shortages of employees or loss of revenue due to reductions in certain revenue streams. Management believes the Club is taking appropriate actions to mitigate the potential negative impact, including revising programs. However, the full impact of COVID-19 is unknown and cannot reasonably estimated as of May 21, 2021 as the situation is still ongoing.

In connection with the pandemic, the Club received a loan in the amount of \$229,200 under the Coronavirus Aid, Relief and Economic Security Act (CARES Act)'s Payroll Protection Program, which can be used for specific allowable costs under the regulation, including payroll, rent, utilities, and other eligible costs. The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreements and the CARES Act. The Club met the performance obligations, timely applied for forgiveness and was granted forgiveness on the loan in November, 2020. The amount has therefore been recorded in other income for the year ended December 31, 2020.

The Club applied for a second round of the Program's loans and received a second loan of \$246,259 in February, 2021. The second draw loans have similar forgiveness features as the first Paycheck Protection Program loan.

The Consolidated Appropriations Act of 2021 signed into law on December 27, 2020 expanded which employers are eligible for Employee Retention Tax Credit (ERTC) in 2020 and it also extended ERTC into the first two quarters of 2021. The ERTC is a refundable payroll tax credit that was first introduced by the CARES Act in March 2020. The Club's payroll provider calculated the 2020 payroll credits from this program at \$95,709 which were applied for in April, 2021. As of May 21, 2021, the credits for 2020 had not been received yet by the Club.

NOTE O – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through 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 May 21, 2021 except as noted in Note L and Note N.