

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2019 AND 2018**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report . . . . .	1-2
Financial Statements	
Statements of Financial Position . . . . .	3-4
Statements of Activities . . . . .	5
Statements of Functional Expenses . . . . .	6
Statements of Cash Flows . . . . .	7-8
Notes to the Financial Statements . . . . .	9-16
Other Independent Auditor's Report	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> . . . . .	17-18

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Boys and Girls Club of Tulare County, Inc.  
Exeter, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Boys and Girls Club of Tulare County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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.

### Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 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 and Girls Club of Tulare County, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

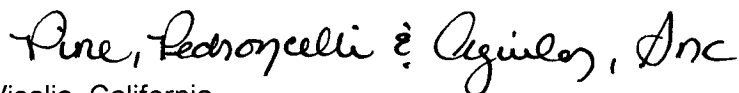
## Emphasis of a Matter - Recent Accounting Pronouncement Adopted

As discussed in Note 1 to the financial statements, during the year ended June 30, 2019 Boys and Girls Club of Tulare County, Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

## Other Matters

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2020, on our consideration of Boys and Girls of Tulare County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys and Girls Club of Tulare County, Inc.'s internal control over financial reporting and compliance.



Visalia, California  
February 28, 2020

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 796,194	\$ 997,984
Accounts Receivable	411	21,769
Grants Receivable	97,951	46,831
Prepaid Expenses	3,000	-
Inventory - Food	<u>25,469</u>	<u>23,237</u>
Total Current Assets	<u>923,025</u>	<u>1,089,821</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>1,302,300</u>	<u>1,399,468</u>
<b>OTHER ASSETS</b>		
Cash Restricted for Future Club Improvements and Strathmore Operations	<u>70,002</u>	<u>130,586</u>
Total Other Assets	<u>70,002</u>	<u>130,586</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,295,327</u></u>	<u><u>\$ 2,619,875</u></u>

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	2019	2018
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 6,317	\$ 10,109
Credit Cards Payable	30,869	36,487
Accrued Payroll	40,857	42,978
Compensated Absences	15,696	18,416
Payroll Taxes Payable	24,180	34,560
Customer Deposits	3,080	2,850
Deferred Revenue	2,700	2,700
Accrued Expenses	2,875	4,558
Notes Payable, Current Portion	6,055	5,934
Total Current Liabilities	132,629	158,592
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	295,533	301,926
<b>TOTAL LIABILITIES</b>	428,162	460,518
<b>NET ASSETS</b>		
Donor Restricted	63,192	130,362
Unrestricted	1,803,973	2,028,995
Total Net Assets	1,867,165	2,159,357
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 2,295,327	\$ 2,619,875

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Unrestricted	Donor Restricted	Total	Unrestricted	Donor Restricted	Total
<b>SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>						
Contributions	\$ 73,230	\$ 258,262	\$ 331,492	\$ 304,502	\$ 28,596	\$ 333,098
Legacies and Bequests	10,000	-	10,000	450,370	-	450,370
In-Kind Contributions	983,404	-	983,404	983,404	-	983,404
Grants	401,458	-	401,458	340,564	-	340,564
Program Income	728,008	-	728,008	757,859	-	757,859
Fundraisers	309,765	-	309,765	340,403	-	340,403
Membership Dues	12,426	-	12,426	14,621	-	14,621
Rent Income	51,016	-	51,016	43,404	-	43,404
Interest Income	8,214	-	8,214	-	-	-
Loss on Disposal of Assets	(116,335)	-	(116,335)	-	-	-
Miscellaneous Income	3,195	-	3,195	3,378	-	3,378
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,464,381</b>	<b>258,262</b>	<b>2,722,643</b>	<b>3,238,505</b>	<b>28,596</b>	<b>3,267,101</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>325,432</b>	<b>(325,432)</b>	<b>-</b>	<b>13,365</b>	<b>(13,365)</b>	<b>-</b>
<b>TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>	<b>2,789,813</b>	<b>(67,170)</b>	<b>2,722,643</b>	<b>3,251,870</b>	<b>15,231</b>	<b>3,267,101</b>
<b>EXPENSES</b>						
Program	2,519,694	-	2,519,694	2,508,229	-	2,508,229
Support Services						
Management and General	288,967	-	288,967	261,328	-	261,328
Fundraising	206,174	-	206,174	203,557	-	203,557
<b>TOTAL EXPENSES</b>	<b>3,014,835</b>	<b>-</b>	<b>3,014,835</b>	<b>2,973,114</b>	<b>-</b>	<b>2,973,114</b>
<b>CHANGE IN NET ASSETS</b>	<b>(225,022)</b>	<b>(67,170)</b>	<b>(292,192)</b>	<b>278,756</b>	<b>15,231</b>	<b>293,987</b>
<b>NET ASSETS, Beginning of the Period</b>	<b>2,028,995</b>	<b>130,362</b>	<b>2,159,357</b>	<b>1,750,239</b>	<b>115,131</b>	<b>1,865,370</b>
<b>NET ASSETS, End of the Period</b>	<b>\$ 1,803,973</b>	<b>\$ 63,192</b>	<b>\$ 1,867,165</b>	<b>\$ 2,028,995</b>	<b>\$ 130,362</b>	<b>\$ 2,159,357</b>

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019						2018					
	Support Services			Support Services			Management and General			Management and General		
	Club Activities	Fundraising	Sub-Total	Club Activities	Fundraising	Sub-Total	Total	Club Activities	Fundraising	Sub-Total	Total	Total
Salaries and Wages	\$ 876,582	\$ 77,768	\$ 266,012	\$ 877,010	\$ 75,794	\$ 247,569	\$ 1,142,594	\$ 877,010	\$ 171,775	\$ 247,569	\$ 1,124,579	\$ 1,124,579
Automobile	13,030	-	1,270	10,439	-	1,764	14,300	10,439	1,764	-	12,203	12,203
Bad Debt	-	290	290	-	1,250	-	290	-	-	1,250	1,250	1,250
Bank Service Charges	76	8,286	8,286	540	5,197	-	8,362	540	-	5,197	5,737	5,737
Board Development	-	-	12,135	-	-	10,059	12,135	-	10,059	-	10,059	10,059
Copier and Maintenance Contracts	1,833	-	4,249	3,463	-	2,668	6,092	3,463	2,668	-	6,131	6,131
Dues, Subscriptions and Fees	9,094	288	2,832	9,108	235	954	11,926	9,108	954	235	10,297	10,297
Employee Benefits	14,629	6,914	28,482	21,600	6,790	33,640	43,111	21,600	26,850	6,790	55,240	55,240
Fundraising Expense	-	81,974	81,974	-	100,007	-	81,974	-	-	100,007	100,007	100,007
Insurance	58,553	2,218	16,243	56,146	-	5,148	74,796	56,146	5,148	-	61,294	61,294
Interest	8,709	-	-	9,205	-	-	8,709	9,205	-	-	9,205	9,205
Marketing	20,553	20,553	20,553	-	6,600	-	41,106	-	-	6,600	6,600	6,600
Meetings	1,150	95	203	14,876	1,005	1,081	1,353	14,876	1,081	2,086	16,962	16,962
Miscellaneous	-	-	580	-	-	734	580	-	734	-	734	734
Program Supplies	101,712	-	-	107,723	-	-	101,712	107,723	-	-	107,723	107,723
Payroll Taxes	93,425	6,373	30,916	89,370	5,526	20,734	124,341	89,370	20,734	26,260	115,630	115,630
Penalties and Fines	-	-	1,564	-	-	-	1,564	-	-	-	-	-
Postage and Office Supplies	508	515	3,026	-	316	3,683	3,534	-	3,683	316	3,999	3,999
Professional Fees	-	-	8,000	-	-	8,760	8,000	-	8,760	-	8,760	8,760
Program and Office Expense	30,317	900	2,515	46,230	837	760	32,832	46,230	760	1,597	47,827	47,827
Program Food Supplies	107,644	-	-	97,690	-	-	107,644	97,690	-	-	97,690	97,690
Property Taxes	-	-	294	-	-	363	294	-	363	-	363	363
Rent	986,765	-	3,000	986,209	-	3,000	989,765	986,209	3,000	-	989,209	989,209
Repairs and Maintenance	64,520	-	-	56,800	-	-	64,520	56,800	-	-	56,800	56,800
Utilities	55,152	-	967	54,852	-	1,160	56,119	54,852	1,160	-	56,012	56,012
Telephone	8,234	-	1,750	4,614	-	1,835	9,984	4,614	1,835	-	6,449	6,449
Travel	1,693	-	-	439	-	-	1,693	439	-	-	439	439
Depreciation Expense	65,515	-	-	61,915	-	-	65,515	61,915	-	-	61,915	61,915
<b>TOTAL EXPENSES</b>	<b>\$ 2,519,694</b>	<b>\$ 206,174</b>	<b>\$ 495,141</b>	<b>\$ 2,508,229</b>	<b>\$ 203,557</b>	<b>\$ 464,885</b>	<b>\$ 3,014,835</b>	<b>\$ 2,508,229</b>	<b>\$ 261,328</b>	<b>\$ 203,557</b>	<b>\$ 2,973,114</b>	<b>\$ 2,973,114</b>

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (292,192)	\$ 293,987
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities:		
Depreciation	65,515	61,915
Loss on Disposal of Assets	116,335	-
(Increase) Decrease in Accounts Receivable	21,358	(21,769)
(Increase) Decrease in Grants Receivable	(51,120)	15,100
Increase in Prepaid Expenses	(3,000)	-
Increase in Inventory	(2,232)	(23,237)
Increase (Decrease) in Restricted Cash	60,584	(18,405)
Decrease in Accounts Payable	(3,792)	(15,781)
Increase (Decrease) in Credit Cards Payable	(5,618)	14,590
Increase (Decrease) in Accrued Payroll	(2,121)	10,076
Increase (Decrease) in Compensated Absences	(2,720)	6,886
Increase (Decrease) in Payroll Taxes Payable	(10,380)	23,398
Increase in Customer Deposits	230	2,850
Increase (Decrease) in Accrued Expenses	(1,683)	4,558
Increase in Deferred Revenue	-	2,700
	(110,836)	356,868
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of Property, Plant and Equipment	(84,682)	(19,989)
	(84,682)	(19,989)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments on Long-Term Debt	(6,272)	(6,021)
	(6,272)	(6,021)
Net Increase (Decrease) in Cash	(201,790)	330,858
Cash - Beginning of Year	997,984	667,126
<b>CASH - END OF YEAR</b>	<b>\$ 796,194</b>	<b>\$ 997,984</b>

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



**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>SUPPLEMENTARY INFORMATION</b>		
Interest Paid	\$ <u>8,709</u>	\$ <u>9,205</u>
Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ 84,682	\$ 19,989
Less Financed Acquisitions	-	-
Net Cash Paid for Property and Equipment	\$ <u>84,682</u>	\$ <u>19,989</u>

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

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

1. Summary of Significant Accounting Policies

Nature of Activities

Boys and Girls Club of Tulare County, Inc. (the Organization) was established as a nonprofit organization in 1997 in California. The Organization's purpose is to provide behavior guidance and to promote health, social, educational, vocational and character development of boys and girls, 6-18 years of age, without regard for race, color, creed, or national origin and to operate one or more club sites for program activities and services. Currently the Organization provides program services to over 1,200 children a day in the following California locations: Visalia, Tulare, Ivanhoe, Exeter, Farmersville, Porterville, and Tipton.

The Organization is funded through donations, grants, program services, and fundraising activities. Children are encouraged to participate in the Organization's programs which are generally offered after school under the guidance of its affiliate organization "The Boys and Girls Club of America".

The Organization conducts its affairs under the management of a Board of Directors, a salaried executive director, paid personnel and numerous unpaid volunteers.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances in multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The amount on deposit exceeded the \$250,000 insured limit per account by approximately \$7,202 and \$132,336 on June 30, 2019 and 2018, respectively.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

Accounts and Grants Receivable

The Organization considers accounts and grants receivable to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged against operations when that determination is made.

Inventory

Inventory is stated at the lower of cost or net realizable value using the average cost method and consists primarily of food used for the summer food service program.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less an allowance for depreciation computed by use of the straight-line method over the estimated useful lives of the assets. The estimated useful life ranges from 3-39 years depending upon the type of asset. Generally, all property and equipment acquisitions of \$1,000 or more are capitalized.

Depreciation expense for the years ended June 30, 2019 and 2018 was \$65,515 and \$61,915, respectively. Any property and equipment sold or disposed of are removed from the books of the Organization along with the corresponding accumulated depreciation, and any gain or loss is recognized in the year of sale or disposition.

Accumulated Vacation and Sick Leave

Accumulated unpaid employee vacation benefits are recognized as current liabilities of the Organization. According to Organization policy, unused sick leave is lost at the fiscal year end and is therefore not recognized as current liabilities of the Organization.

Net Assets

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes of the Organization at the discretion of the Board of Directors.

Donor Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions than can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

Support and Restrictions

Contributions are recognized when the donor makes a promise to give to the Organization 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 depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions. Donations of cash are reported as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donations of rent which was valued at \$983,404 and \$983,404 during the years ended June 30, 2019 and 2018, respectively. These amounts have been reported as both in-kind contribution revenue on the statement of activities and rent and advertising expense on the statement of functional expenses. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Council's programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

Income Taxes

Boys and Girls Club of Tulare County, Inc. has received an exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, the Organization has made no provision for income taxes in the accompanying financial statements.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, and utilities, which are allocated on a square footage basis of the sites; meetings, education and training, office supplies, which are allocated based on full-time equivalents; and salaries and wages and employee benefits and payroll taxes, which are allocated on the basis of time sheets supporting actual time and effort and technology which is based on the number of computers at the sites.

Recent Accounting Pronouncement Adopted

During the year ended June 30, 2019, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, except for liquidity and availability of financial assets note (see Note 8).

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 28, 2020, the date the financial statements were available to be issued.

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

2. Grants Receivable

The Organization's grants receivable consisted of the following at June 30,:

	2019	2018
Office of Justice Programs 2018-43470	\$ 18,218	\$ -
Community Development Block Grant, Farmersville	54,905	20,313
USDA Child & Adult Care Food Program	15,896	26,518
USDA Summer Food Service Program	8,932	-
	\$ 97,951	\$ 46,831

3. Property and Equipment

Property and equipment consisted of the following:

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
Furnishings and Equipment	\$ 240,888	\$ 15,422	\$ -	\$ 256,310
Transportation Equipment	35,667	-	-	35,667
Buildings and Improvements	1,539,633	69,260	164,111	1,444,782
Leasehold Improvements	261,248	-	2,978	258,270
Land	273,084	-	-	273,084
Total	2,350,520	\$ 84,682	\$ 167,089	2,268,113
Accumulated Depreciation	951,052	\$ 65,515	\$ 50,754	965,813
Net Property and Equipment	\$ 1,399,468			\$ 1,302,300

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

4. Notes Payable

Notes Payable consists of the following at June 30,:

	2019	2018
Note Payable - City of Exeter, balloon payment of \$90,000 due upon maturity including interest at 0% per annum. Loan is unsecured and matures February 6, 2028. The Organization negotiated with the City of Exeter whereas the loan is only due if they sell the building.	\$ 90,000	\$ 90,000
 Note Payable - Valley Business Bank, secured by a deed of trust. Monthly payments of \$1,247.95 including interest at 4.00% beginning November 1, 2016. Loan matures October 11, 2026.	 <u>211,588</u>	 <u>217,860</u>
Subtotal	<u>301,588</u>	<u>307,860</u>
Less Current Portion	<u>6,055</u>	<u>5,934</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 295,533</u></b>	<b><u>\$ 301,926</u></b>

Scheduled principal repayments of long-term debt for the next five years are as follows:

2020	\$ 6,055
2021	6,534
2022	6,701
2023	6,975
2024 and Thereafter	<u>275,323</u>
<b>TOTAL</b>	<b><u>\$ 301,588</u></b>

**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

5. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Subject To Expenditures For Specific Purposes:		
Porterville Club	\$ 3,064	\$ 3,064
Strathmore Club	59,016	59,016
Ivanhoe Soccer Field	-	68,282
Farmersville Garden	1,112	-
	\$ 63,192	\$ 130,362

6. Employee Benefits Plan

The Organization offers a SIMPLE IRA plan, for eligible employees. The Organization is required to match up to 3% of the eligible employee's annual salary to the employee's retirement account. Plan expenses to the Organization for the SIMPLE IRA plan, including employer contributions, totaled \$7,414 and \$8,238 for the years ended June 30, 2019 and 2018, respectively.

7. Operating Leases

The Organization leases office and program service space in Exeter, CA and Porterville, CA. On December 2, 2011, the Organization renegotiated the monthly lease payments to \$1,650, which is discounted to \$250 on a month-to-month basis.

The Organization has memorandums of understanding with various school districts for space it leases which it receives as an in-kind donation. For the years ended June 30, 2019 and 2018, the value of the rent was \$983,404 and \$983,404, respectively.

Total lease expense for the years ended June 30, 2019 and 2018 was \$989,765 and \$989,209, respectively.



**BOYS AND GIRLS CLUB OF TULARE COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

8. Liquidity and Availability of Financial Assets

Boys and Girls Club of Tulare County, Inc. has \$962,309 of financial assets available within one year of the balance sheet date to meet needs of general expenditures consisting of cash of \$866,296, accounts receivable of \$411, and grants receivable of \$95,602. For the year ended June 30, 2019 \$71,114 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The organization is required to maintain financial assets to meet three months of general operations.

9. Reclassifications

Certain reclassifications have been made to the prior period's financial statements in order to conform them to the classifications used for the current year. These reclassifications had no effect on reported change in net assets.

OTHER INDEPENDENT AUDITORS' REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Boys and Girls Club of Tulare County, Inc.  
Exeter, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys and Girls Club of Tulare County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Boys and Girls Club of Tulare County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys and Girls Club of Tulare County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

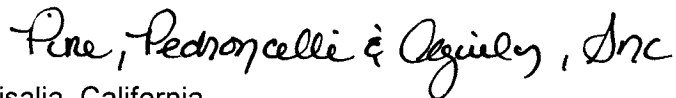
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Boys and Girls Club of Tulare County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Visalia, California  
February 28, 2020