BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2019 AND 2018

BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys & Girls Club of Greater Dallas, Inc. and Affiliates
Dallas, Texas

We have audited the accompanying consolidated financial statements of Boys & Girls Club of Greater Dallas, Inc. and Affiliates (a Texas corporation), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boys & Girls Club of Greater Dallas, Inc. and Affiliates as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2, the Organization adopted Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. The accounting change has not been retrospectively applied to prior periods presented but applied prospectively. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
July 20, 2020

BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
ASSETS		
Cash and Cash Equivalents	$ 2,358,503	$ 1,474,200
Prepaid Expenses	33,668	25,027
In-Kind Lease Receivable	1,146,688	1,327,670
Unconditional Promises to Give	1,364,039	1,522,255
Property and Equipment, Net	3,010,910	2,319,282
Investments	7,451,091	6,633,947
Total Assets	$ 15,364,899	$ 13,302,381
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 221,863	$ 216,624
Deferred Revenue	-	5,000
Total Liabilities	221,863	221,624
NET ASSETS		
Without Donor Restrictions	10,084,436	7,963,826
With Donor Restrictions	5,058,600	5,116,931
Total Net Assets	15,143,036	13,080,757
Total Liabilities and Net Assets	$ 15,364,899	$ 13,302,381

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions:			
O'Hara Trust	$ -	$ 1,139,220	$ 1,139,220
Other Contributions	2,940,546	524,365	3,464,911
Grants from Governmental Agencies	30,236	-	30,236
Special Events (Net of Direct Expenses of $223,598)	579,681	-	579,681
Investment Income	1,034,475	240,272	1,274,747
Membership Dues	73,900	-	73,900
Program Service Fees	1,253,246	-	1,253,246
In-Kind Revenue	502,950	-	502,950
Gain on Sale of Assets	18,869	-	18,869
Other Income	58,311	-	58,311
Excess of Assets Acquired Over Liabilities Assumed in Donation of Navarro County	986,210	-	986,210
Net Assets Released from Restrictions	1,962,188	(1,962,188)	-
Total Support and Revenue	9,440,612	(58,331)	9,382,281
EXPENSES			
Program Services:			
Character and Leadership Development	2,321,290	-	2,321,290
Education and Career Development	2,351,351	-	2,351,351
Health and Life Skills	1,562,640	-	1,562,640
Total Program Services	6,235,281	-	6,235,281
Support Services:			
Management and General	888,056	-	888,056
Fundraising	196,665	-	196,665
Total Support Services	1,084,721	-	1,084,721
Total Expenses	7,320,002	-	7,320,002
CHANGE IN NET ASSETS	2,120,610	(58,331)	2,062,279
Net Assets - Beginning of Year	7,963,826	5,116,931	13,080,757
NET ASSETS - END OF YEAR	$ 10,084,436	$ 5,058,600	$ 15,143,036

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions:			
O'Hara Trust	$ -	$ 1,391,309	$ 1,391,309
Other Contributions	2,855,299	76,492	2,931,791
Grants from Governmental Agencies	20,856	-	20,856
Special Events (Net of Direct Expenses of $180,572)	633,036	-	633,036
Investment Income	5,605	(376,113)	(370,508)
Membership Dues	73,660	-	73,660
Program Service Fees	1,049,969	-	1,049,969
In-Kind Lease Revenue	401,857	134,261	536,118
Other Income	78,048	-	78,048
Net Assets Released from Restrictions	1,398,664	(1,398,664)	-
Total Support and Revenue	6,516,994	(172,715)	6,344,279
EXPENSES			
Program Services:			
Character and Leadership Development	2,052,356	-	2,052,356
Education and Career Development	2,103,000	-	2,103,000
Health and Life Skills	1,393,562	-	1,393,562
Total Program Services	5,548,918	-	5,548,918
Support Services:			
Management and General	820,215	-	820,215
Fundraising	192,476	-	192,476
Total Support Services	1,012,691	-	1,012,691
Total Expenses	6,561,609	-	6,561,609
CHANGE IN NET ASSETS	(44,615)	(172,715)	(217,330)
Net Assets - Beginning of Year	8,008,441	5,289,646	13,298,087
NET ASSETS - END OF YEAR	$ 7,963,826	$ 5,116,931	$ 13,080,757

See accompanying Notes to Consolidated Financial Statements.

BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services				Support Services			
	Character and Leadership Development	Education and Career Development	Health and Life Skills	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
EXPENSES								
Personnel Costs:								
Salaries	$ 1,264,064	$ 1,231,046	$ 786,792	$ 3,281,902	$ 496,772	$ 129,882	$ 626,654	$ 3,908,556
Employee Benefits	121,745	118,549	75,763	316,056	47,849	12,501	60,350	376,406
Payroll Taxes	102,730	100,034	63,928	266,692	40,375	10,548	50,923	317,615
Total Personnel Costs	1,488,538	1,449,629	926,483	3,864,650	584,996	152,932	737,927	4,602,577
Professional Fees	53,449	41,015	37,218	131,682	17,097	7,746	24,843	156,525
Supplies	88,688	87,699	69,831	246,218	10,165	2,095	12,260	258,478
Telephone	12,068	11,140	13,644	36,852	13,495	1,557	15,052	51,904
Postage and Shipping	782	745	490	2,016	1,111	347	1,458	3,474
Occupancy	396,067	350,645	241,463	988,175	67,047	3,735	70,782	1,058,956
Printing	810	752	429	1,990	2,110	9,022	11,132	13,122
Local Transportation	19,943	41,753	72,813	134,508	17,915	5,159	23,075	157,583
Conferences and Training	18,816	14,461	9,751	43,028	8,841	2,210	11,051	54,079
Subscriptions	611	1,387	296	2,294	141	2,037	2,178	4,472
Assistance to Individuals	-	1,895	-	1,895	-	-	-	1,895
Membership Dues	3,509	3,478	1,435	8,421	936	-	936	9,357
Awards and Grants	-	132,981	-	132,981	-	-	-	132,981
Equipment Rental and Maintenance	4,942	4,610	52,382	61,934	40,152	9,825	49,977	111,911
Miscellaneous	13,509	14,771	3,828	32,108	84,828	-	84,828	116,936
Event Expenses	-	-	-	-	-	223,598	223,598	223,598
National Dues	6,314	6,259	2,580	15,153	1,684	-	1,684	16,837
Expenses before Depreciation	2,108,045	2,163,218	1,432,641	5,703,904	850,518	420,263	1,270,781	6,974,685
Depreciation	213,246	188,132	129,998	531,376	37,538	-	37,538	568,915
	2,321,290	2,351,351	1,562,640	6,235,281	888,056	420,263	1,308,319	7,543,600
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	(223,598)	(223,598)	(223,598)
Total Expenses	$ 2,321,290	$ 2,351,351	$ 1,562,640	$ 6,235,281	$ 888,056	$ 196,665	$ 1,084,721	$ 7,320,002

BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services				Support Services			
	Character and Leadership Development	Education and Career Development	Health and Life Skills	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
EXPENSES								
Personnel Costs:								
Salaries	$ 1,080,258	$ 1,069,286	$ 690,551	$ 2,840,095	$ 466,510	$ 118,705	$ 585,215	$ 3,425,310
Employee Benefits	118,112	116,910	75,502	310,524	51,007	12,979	63,986	374,510
Payroll Taxes	88,355	87,457	56,482	232,294	38,156	9,709	47,865	280,159
Total Personnel Costs	1,286,725	1,273,653	822,535	3,382,913	555,673	141,393	697,066	4,079,979
Professional Fees	52,265	40,108	36,396	128,769	16,739	7,575	24,314	153,083
Supplies	88,602	87,556	56,491	232,649	7,578	1,585	9,163	241,812
Telephone	11,188	10,328	12,650	34,166	12,511	1,444	13,955	48,121
Postage and Shipping	1,842	1,754	1,152	4,748	2,620	819	3,439	8,187
Occupancy	337,228	286,314	205,985	829,527	48,721	1,233	49,954	879,481
Printing	59	54	31	144	2,795	20,420	23,215	23,359
Local Transportation	19,791	42,672	75,431	137,894	17,935	5,196	23,131	161,025
Conferences and Training	19,736	14,425	9,592	43,753	8,000	2,000	10,000	53,753
Subscriptions	748	1,670	360	2,778	148	3,666	3,814	6,592
Assistance to Individuals	-	17,418	-	17,418	-	-	-	17,418
Membership Dues	2,515	2,493	1,027	6,035	671	-	671	6,706
Awards and Grants	-	128,715	-	128,715	-	-	-	128,715
Equipment Rental and Maintenance	7,445	7,373	41,237	56,055	31,566	7,145	38,711	94,766
Miscellaneous	14,072	13,643	3,987	31,702	87,430	-	87,430	119,132
Event Expenses	-	-	-	-	-	180,572	180,572	180,572
National Dues	6,406	6,351	2,619	15,376	1,708	-	1,708	17,084
Expenses before Depreciation	1,848,622	1,934,527	1,269,493	5,052,642	794,095	373,048	1,167,143	6,219,785
Depreciation	203,734	168,473	124,069	496,276	26,120	-	26,120	522,396
	2,052,356	2,103,000	1,393,562	5,548,918	820,215	373,048	1,193,263	6,742,181
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	(180,572)	(180,572)	(180,572)
Total Expenses	$ 2,052,356	$ 2,103,000	$ 1,393,562	$ 5,548,918	$ 820,215	$ 192,476	$ 1,012,691	$ 6,561,609

BOYS & GIRLS CLUB OF GREATER DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 2,062,279	$ (217,330)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	568,915	522,395
(Gain) on Sale of Assets	(18,869)	-
Net Realized (Gain) on Investments	(173,466)	(79,737)
Net Unrealized (Gain) Loss on Investments	(949,985)	606,455
In-Kind Contributions of Property and Equipment	(986,210)	(930,221)
In-Kind Lease Receivable	180,982	8,841
Net Change in:		
Prepaid Expenses	(8,641)	8,551
Unconditional Promises to Give	158,216	193,922
Accounts Payable and Accrued Expenses	5,239	78,776
Deferred Revenue	(5,000)	-
Net Cash Provided by Operating Activities	833,460	191,652
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(274,333)	(92,203)
Proceeds from Sale of Property and Equipment	18,869	-
Purchase of Investments	(6,060,141)	(774,552)
Proceeds from Sale or Maturities of Investments	6,366,448	1,134,365
Net Cash Provided by Investing Activities	50,843	267,610
NET INCREASE IN CASH AND CASH EQUIVALENTS	884,303	459,262
Cash and Cash Equivalents - Beginning of Year	1,474,200	1,014,938
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,358,503	$ 1,474,200
NONCASH TRANSACTIONS		
In-Kind Lease Revenue and Expense on Month-to-Month Leases	$ 502,950	$ 401,888
In-Kind Lease Revenue on Long-Term Lease Agreements	$ -	$ 134,261
In-Kind Lease Expense on Long-Term Lease Agreements	$ 180,982	$ 143,103
In-Kind Contributions of Property and Equipment	$ 986,210	$ 930,221

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION

Boys & Girls Clubs of Greater Dallas, Inc. (the Club) is a Texas nonprofit corporation formed on November 14, 1961. The Club's primary purpose is to provide behavioral guidance for boys and girls and to promote their health, social, education, vocational and character development. The Club (a designee chapter of the Boys & Girls Clubs of America and a United Way member agency) operates over 20 sites in the Dallas, Texas area.

Boys & Girls Clubs of Greater Dallas, Inc. Foundation (BGCDF) is a Texas nonprofit corporation formed in 1985 to support the Club. The Chamber-Schoellkopf-Trim Scholarship Foundation (CST) is a Texas nonprofit corporation formed in 1987 to provide educational assistance to participants in the Club's programs. Both BGCDF and CST are considered, for financial reporting purposes, to be under the control of the Club's board of directors (board). The Club, BGCDF and CST are hereinafter collectively referred to as the Club.

During 2019, the Club merged with Boys & Girls Clubs of Navarro County, Texas, Inc. and was the surviving entity. See additional disclosures in Note 14.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Club prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when an obligation is incurred. The accompanying consolidated financial statements include the accounts of the Club, BGCDF and CST. All inter-entity balances and transactions have been eliminated.

Cash and Cash Equivalents

Cash available for use in current operations is classified as cash and cash equivalents. Cash and cash equivalents designated or restricted for investment is classified as investments.

In-Kind Lease Receivable

The Club has several leases for space which it utilizes to provide program services. Terms of the lease agreements are at rates considered to be below fair market value. The Club recognizes the fair value of each lease as contribution revenue in the period in which the lease agreement is signed and recognizes the related expense in the period the lease is used. In-kind lease receivable represents the remaining amount to be received under lease agreements currently in effect. The in-kind lease revenue is reported as an in-kind contribution at its present value and as restricted support that increases net assets with donor restrictions.

Unconditional Promises to Give

Unconditional promises to give are from foundations, trusts, and individuals, which are primarily located in the Dallas, Texas area. The receivables are unsecured and evaluated periodically by management for collectability. There was no allowance for doubtful pledges as of December 31, 2019 and 2018. Amounts that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Club invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position. Investments in debt securities and marketable securities are carried at fair value, based upon quoted market prices or values provided by external investment managers. Unrealized gains and losses are recognized in the period in which they occur.

Property and Equipment

Property and equipment expenditures in excess of $500 are capitalized at cost. Donated property and equipment are recorded at estimated fair value on the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of 3 years for automobiles, 5 to 15 years for furniture, equipment, and building improvements, and 40 years for buildings and leasehold improvements.

The Club reviews its property and equipment periodically to determine potential impairment. If determined that the carrying value exceeds the fair market value, an impairment loss is recognized.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Club 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. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

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.

The Club has elected to present donor-restricted contributions, which are fulfilled in the same time period, within net assets without donor restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier, and are classified as net assets without donor restrictions or net assets with donor restrictions depending on the existence or absence of any donor restrictions. The Club reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 consolidated statements of activities as “Net Assets Released from Restrictions”.

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. Consequently, at December 31, 2019 and 2018, contributions of $445,000 and $-0-, respectively, have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend has not yet been met. All conditional contributions depend on timely reporting to the grantor.

The Club reports gifts of land, buildings, and equipment as support without restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of cash that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Club reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.

In-Kind Contributions

Donated goods are recorded at their estimated fair market value on the date of receipt. Volunteers have contributed significant amounts of time to the Club’s activities without compensation. As these services do not meet the recognition criteria for donated services under generally accepted accounting standards for financial reporting, the consolidated financial statements do not reflect the value of such contributed services.

In-Kind Month-to-Month Site Agreements

The Club has entered into agreements with the Dallas Independent School District and Dallas Housing Authority (DHA) to provide afterschool activities. The Club is allowed to use the schools and DHA property at no cost, but has not entered into a long-term lease arrangement. As a result, the value of the facilities used in 2019 and 2018 has been calculated based on similar rental rates and included in “In-Kind Lease Revenue” on the consolidated statements of activities. No in-kind lease receivable has been recognized because of the short-term nature of these agreements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the programs and support services are presented on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the allocation of expenses to the programs and support services. These allocations are based upon estimates of facilities usage, activities of personnel, specifically identifiable costs and various other bases.

Fair Value Measurements

The Club follows the provisions of *Fair Value Measurements*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Fair value measurements established a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of the asset or liability as of the measurement date.

As noted above, *Fair Value Measurements* establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

The Club is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Club adopted the income tax standard for uncertain tax positions. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with the income tax standard. This standard prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

The Club's income tax returns are subject to review and examination by Federal, State and Local authorities. The Club is not aware of any activities that would jeopardize its tax exempt status. The Club is not aware of any activities that are subject to tax on unrelated business income or excise or other tax.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made.* This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU has been applied prospectively.

NOTE 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 statement of financial position date, comprise the following:

	2019	2018
Cash and Cash Equivalents	$ 2,358,503	$ 1,474,200
Promises to Give Without Donor Restrictions	70,140	146,023
Board-Designated Endowment Distribution	223,063	189,000
Total assets available for general expenditures in the next 12 months	$ 2,651,706	$ 1,809,223

NOTE 3 LIQUIDITY AND AVAILABILITY

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of $5,576,571 is subject to an annual spending rate of 4% (beginning in 2019) as described in Note 18. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures), these amounts could be made available if necessary.

NOTE 4 INVESTMENTS

Investments as defined by asset allocation category consist of the following at December 31:

	2019	2018
Government Bond Funds	$ 32,597	$ 30,491
Equity Funds	4,012,026	3,066,859
Fixed Income Funds	25,407	1,746,604
Corporate Bonds	2,008,420	517,622
Specialty Funds	311,088	320,695
Alternative Investments	1,061,553	951,676
Total Investments	$ 7,451,091	$ 6,633,947

Investments in debt securities and marketable securities are carried at fair value, based upon quoted market prices or values provided by external investment managers. Unrealized gains and losses are recognized in the period in which they occur.

As noted above, within the portfolio certain investments are invested in funds for which value is not determinable on a daily basis and are held by private companies. These are commonly referred to as alternative investments.

Alternative investments may be structured through limited partnerships, limited liability corporations, trusts, or corporations. The estimated fair values of alternative investments may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material.

The Alternative investments within the Club's portfolio consist of the Maverick Fund, Ltd., which is a hedge fund. The investment objective of the fund is to preserve and grow capital.

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following is a description of the valuation methodologies used for assets measured at fair value:

Equity Funds:	Valued at the daily closing price as reported by the fund.
Fixed Income and Bond Funds:	Valued at the daily closing price as reported by the fund.
Specialty Funds:	Valued at the daily closing price as reported by the fund.
Bonds:	Valued based on quoted prices in an active market in which similar assets are traded
Alternative Investments:	Valued at the net asset value (NAV) per unit at year-end.

The methods described above may produce fair value estimates that may not be indicative of net realized value or reflective of future fair values. Furthermore, although the Club believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Club's investments at estimated fair value as of December 31:

	2019			
	Level 1	Level 2	Level 3	Total
Bond Funds	$ 32,597	$ -	$ -	$ 32,597
Equity Funds	4,012,026	-	-	4,012,026
Fixed Income Funds	25,407	-	-	25,407
Specialty Funds	311,088	-	-	311,088
Bonds	-	2,008,420	-	2,008,420
Total	$ 4,381,118	$ 2,008,420	$ -	$ 6,389,538
Alternative Investments - Valued at Net Asset Value				$ 1,061,553
Total Investments				$ 7,451,091

	2018			
	Level 1	Level 2	Level 3	Total
Bond Funds	$ 30,491	$ -	$ -	$ 30,491
Equity Funds	3,066,859	-	-	3,066,859
Fixed Income Funds	1,746,604	-	-	1,746,604
Specialty Funds	320,695	-	-	320,695
Bonds	-	517,622	-	517,622
Total	$ 5,164,649	$ 517,622	$ -	$ 5,682,271
Alternative Investments - Valued at Net Asset Value				$ 951,676
Total Investments				$ 6,633,947

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Net Asset Value

Fair value measurements of investments that calculate net asset value per share (or its equivalent) as of December 31:

	2019			
	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Alternative Investments	$ 1,061,553	-	Daily	30 - 60 Days

	2018			
	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Alternative Investments	$ 951,676	-	Daily	30 - 60 Days

Alternative Investments is the Maverick Fund, Ltd. (the Company). The Company is registered in the Cayman Islands as an exempt Company. The Company is an open-ended investment Company. The Company invests substantially all of its assets in the Maverick Fund, LDC (the Fund). The investment objective of the fund is to preserve and grow capital by operating as a traditional hedge fund. The Company provides full disclosure financial statements of the underlying holdings, whereby the Club is able to verify its account balances.

NOTE 6 IN-KIND LEASE RECEIVABLE

In-kind lease receivable is amortized over the life of the lease. Future amounts due are recorded at their net present value utilizing the Club's incremental borrowing rate at the date of inception, ranging from 4.5% to 5.37%. When amortized, the in-kind lease expense is recognized as occupancy expense. The following is an estimated future amortization of the in-kind lease receivable as of December 31, 2019:

Year Ending December 31,	Amount
2020	$ 101,443
2021	20,874
2022	107,003
2023	119,756
2024	114,476
Thereafter	683,136
Total	$ 1,146,688

Total in-kind lease expense was $683,932 and $544,991 for the years ended December 31, 2019 and 2018, respectively.

NOTE 7 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of December 31:

	2019	2018
Without Donor Restrictions:		
General Operations	$ 70,140	$ 146,023
Total Without Donor Restrictions	70,140	146,023
With Donor Restrictions:		
United Way of Metropolitan Dallas	-	85,000
O'Hara Trust	1,139,220	1,114,728
Purpose Restrictions	160,584	193,579
Less: Discount to Present Value	(5,905)	(17,075)
Total With Donor Restrictions	1,293,899	1,376,232
Total Unconditional Promises to Give	$ 1,364,039	$ 1,522,255

Unconditional promises to give are to be received over future periods, in accordance with donor agreements. Unconditional promises to give expected to be collected in the next fiscal period, and thereafter are as follows:

	2019	2018
Amounts Due in:		
Less than One Year	$ 1,312,944	$ 1,418,330
One to Five Years	57,000	121,000
Pledges Receivable, Gross	$ 1,369,944	$ 1,539,330

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2019	2018
Land	$ 345,435	$ 275,435
Buildings and Improvements	6,694,155	5,645,653
Furniture and Equipment	2,891,851	2,837,278
Transportation Equipment	668,970	649,134
Construction in Progress	42,300	-
Total Property and Equipment	10,642,711	9,407,500
Less: Accumulated Depreciation and Amortization	(7,631,801)	(7,088,218)
Property and Equipment, Net	$ 3,010,910	$ 2,319,282

NOTE 9 LINE OF CREDIT

The Club has a line of credit up to $250,000 with an interest rate at .87% above the prime rate (4.75% at December 31, 2019). The line of credit is secured by the assets of the Club. The outstanding balance on the line of credit was $-0- at December 31, 2019 and 2018. The line of credit is a business banking line of credit that currently does not have a maturity date.

NOTE 10 NET ASSETS

Net assets consisted of the following as of December 31:

	2019	2018
Without Donor Restrictions:		
Undesignated Net Assets	$ 1,496,955	$ 919,535
Board-Designated Endowment	5,576,571	4,725,009
Property and Equipment	3,010,910	2,319,282
Total Without Donor Restrictions	10,084,436	7,963,826
With Donor Restrictions:		
Subject to Expenditure for Specified Purpose:		
United Way of Metropolitan Dallas	-	85,000
College STEPS	100,000	150,000
UPS Road Code	21,000	32,190
School Bus	78,850	-
School Bus and Oak Cliff Pool Heater	28,850	-
Navarro County Fencing and Security	35,680	-
	264,380	267,190
Subject to the Passage of Time:		
In-Kind Lease Receivable	1,146,688	1,327,670
O'Hara Trust	1,139,220	1,114,728
Other Donors	86,048	140,336
	2,371,956	2,582,734
Endowments:		
Subject to Appropriation and Expenditure When a Specified Event Occurs:		
Restricted by Donors for:		
Capital Asset Acquisitions	158,336	105,950
Creative Arts	239,361	289,490
Scholarships	903,831	750,831
	1,301,528	1,146,271
Not Subject to Appropriation or Expenditure:		
Scholarships for Qualifying Members	50,000	50,000
Creative Arts Program	802,500	802,500
Repairs and Maintenance (Maverick Fund)	268,236	268,236
	1,120,736	1,120,736
Total With Donor Restrictions	5,058,600	5,116,931
Total Net Assets	$ 15,143,036	$ 13,080,757

NOTE 10 NET ASSETS (CONTINUED)

The following is a summary of net assets released from donor restrictions by incurring expenditures satisfying the restricted purposes or by the passage of time specified by the donor(s) as of December 31:

	2019	2018
Time Restrictions Expired - Operations:		
United Way of Metropolitan Dallas	$ 170,000	$ 170,000
O’Hara Trust	1,399,037	1,026,891
Other Donors	55,607	-
Donor Restrictions Expired - Operations:		
Alternative Investment	156,562	54,670
In-Kind Lease Expense	180,982	143,103
CST - Grant	-	4,000
Total Restrictions Released	$ 1,962,188	$ 1,398,664

NOTE 11 O’HARA TRUST

The Boys & Girls Clubs of America is the beneficiary of a trust created pursuant to the last will and testament of J.B. O’Hara (the Trust). In accordance with the terms of the Trust, its income is to be used for the charitable purpose of maintaining and supporting one or more chapters of the Boys & Girls Clubs of America located in Dallas County, Texas.

The Club, as one of the designee chapters of the Boys & Girls Clubs of America in Dallas County, Texas, receives distributions from the Trust. The O’Hara committee of the Boys & Girls Clubs of America annually authorizes distributions to the Club which are based upon approved fund allocation requests made by the O’Hara committee. Regular contributions received or pledged totaled $1,399,037 and $1,391,309 as of December 31, 2019 and 2018, respectively.

The Trust’s net assets are not included in the accompanying consolidated financial statements because the Club is not the ultimate beneficiary of the Trust’s assets.

NOTE 12 BOYS & GIRLS CLUBS OF GREATER DALLAS, INC. FOUNDATION

In 1985, BGCDF was incorporated to benefit Boys & Girls Clubs of Greater Dallas, Inc. As of December 31, 2019 and 2018, the BGCDF had net assets of $7,678,335 and $6,768,675 (of which $1,070,736 was restricted in perpetuity), respectively. Boys & Girls Clubs of Greater Dallas, Inc. received contributions from BGCDF of $280,636 and $344,160 for the years ended December 31, 2019 and 2018, respectively. These contributions are currently for use in Boys & Girls Clubs of Greater Dallas, Inc.’s Education and Career Development Program – Youth Education and The Arts Program – Creative Arts. Contributions from BGCDF are eliminated upon consolidation.

NOTE 12 BOYS & GIRLS CLUBS OF GREATER DALLAS, INC. FOUNDATION (CONTINUED)

BGCDF received no contributions from the Club for the years ended December 31, 2019 and 2018. Contributions from the Club are eliminated upon consolidation.

BGCDF's net assets without donor restrictions are classified as net assets with donor restrictions in the accompanying consolidated financial statements until the BGCDF's board of directors approves disbursements to Boys & Girls Clubs of Greater Dallas, Inc.

NOTE 13 CHAMBERS-SCHOELLKOPF-TRIM SCHOLARSHIP FOUNDATION (CST)

In October 1987, CST was formed to provide education assistance to participants in Boys & Girls Clubs of Greater Dallas, Inc.'s programs. As of December 31, 2019 and 2018, CST's net assets with donor restrictions were $82,183 and $68,774 (of which $50,000 were required to be held in perpetuity), respectively. CST has no net assets without donor restrictions. CST awarded scholarships totaling $-0- and $4,000 for the years ended December 31, 2019 and 2018, respectively.

NOTE 14 BUSINESS COMBINATION

On February 1, 2019, the Club acquired Boys & Girls Clubs of Navarro County, Texas, Inc. (Navarro) for no cash consideration. Both clubs provide behavioral guidance for boys and girls and to promote their health, social, education, vocational and character development. As a result of the acquisition, the Club seeks to further their common mission by improving their programs and achieving economies of scale and other synergies through integrating their services. As part of this acquisition, Navarro obtained certain advisory seats on the Club's Board of Directors, and the Navarro board and entity was completely dissolved.

The following table summarizes consideration and the amounts of assets acquired and liabilities assumed recognized at the acquisition date.

	Amount
Consideration Received	$ -
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Property, plant, and equipment	986,210
Total identifiable net assets	986,210
Inherent contribution received	(986,210)
	$ -

On the statement of activities, the inherent contribution received is recorded as the excess of assets acquired over liabilities assumed in donation of Navarro County and increases net assets without donor restrictions.

NOTE 15 EMPLOYEE BENEFIT PLAN

The Club has a 401(k) plan for its employees. The plan includes matching contributions by the Club up to 5% of employees' compensation. The Club contributed $70,177 and $59,230 to the plan as of December 31, 2019 and 2018, respectively.

NOTE 16 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Club has entered into several lease agreements for office space and equipment. The following is an estimated future minimum lease payment as of December 31:

Year Ending December 31,	Amount
2020	$ 17,042
2021	20
2022	1
2023	1
2024	1
Thereafter	7
Total	$ 17,072

Total rent expense was $35,318 and $26,490 for the years ended December 31, 2019 and 2018, respectively.

NOTE 17 CONCENTRATIONS

The Club received approximately 14% and 22% of its support and revenue from The O'Hara Trust during the fiscal years ended December 31, 2019 and 2018, respectively.

Substantially all of the Club's remaining support and revenue are derived from businesses, foundations, and individuals in the Dallas, Texas area.

NOTE 18 ENDOWMENT FUNDS

The Club's endowment consists of three individual funds established by donors for a variety of purposes. The endowment also includes funds designated by the board to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

NOTE 18 ENDOWMENT FUNDS (CONTINUED)

The board of the Club has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Club retains in perpetuity:

1. The original value of initial gifts donated to the endowment; and
2. The original value of subsequent gifts to the endowment.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Club in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds;
2. The purposes of the donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments; and
6. Other resources of the Club.

Investment and Spending Policies

The Club has adopted investment and spending policies, approved by the board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. The spending rate shall be 4% for the entire endowment fund based on the market value of the portfolio as of December 31 of that year. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distributions with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution based on the spending policies below, while growing the funds, if possible. Therefore, the Club expects its endowment assets, over time, to produce an average (nontaxable) rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE 18 ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2019 was as follows:

December 31, 2019	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 5,576,571	$ -	$ 5,576,571
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,120,736	1,120,736
Accumulated Investment Gains	-	1,301,528	1,301,528
Total	$ 5,576,571	$ 2,422,264	$ 7,998,835

December 31, 2018	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 4,725,009	$ -	$ 4,725,009
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,120,736	1,120,736
Accumulated Investment Gains	-	1,146,271	1,146,271
Total	$ 4,725,009	$ 2,267,007	$ 6,992,016

NOTE 18 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets for the years ended December 31 are as follows:

December 31, 2019	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 4,725,009	$ 2,267,007	$ 6,992,016
Investment Return, Net	1,020,803	240,272	1,261,075
Contributions	-	119,920	119,920
Appropriation of Endowment Assets Pursuant to Donor Restrictions	-	(204,935)	(204,935)
Distribution from Board-Designated Pursuant to Distribution Policy	(169,241)	-	(169,241)
Endowment Net Assets - End of Year	$ 5,576,571	$ 2,422,264	$ 7,998,835

December 31, 2018	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 5,465,571	$ 2,236,956	$ 7,702,527
Investment Return, Net	(366,477)	(4,031)	(370,508)
Contributions	-	81,106	81,106
Appropriation of Endowment Assets Pursuant to Donor Restrictions	47,024	(47,024)	-
Distribution from Board-Designated Pursuant to Distribution Policy	(421,109)	-	(421,109)
Endowment Net Assets - End of Year	$ 4,725,009	$ 2,267,007	$ 6,992,016

NOTE 19 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. All expenses are allocated based on the nature of the account and best estimates of time and effort into 12 different programs, as well as management and general, and fundraising expenses. These 12 programs are then consolidated into the three programs reported on the statement of functional expenses

NOTE 20 SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Club has evaluated events and transactions for potential recognition or disclosure through July 20, 2020, the date the consolidated financial statements were available to be issued.

NOTE 20 SUBSEQUENT EVENTS (CONTINUED)

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. 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 its 2020 operations and financial results, including investments returns and the ability of donors to give. Management believes the Club is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

The Club received a loan in the amount of $879,490 to fund payroll, rent, and utilities through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

Subsequent to year-end, the Club entered and concluded talks with an organization in West Dallas to take over certain of its depreciable personal property and programs, but not as a formal merger or acquisition. The Club will not acquire nor be legally responsible for the organization's debts.