

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**

**Financial Report**

**December 31, 2018 and 2017**



**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**

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## **Independent Auditor's Report**

To the Board of Directors  
North Penn Valley Boys and Girls Club, Inc.  
Lansdale, Pennsylvania

We have audited the accompanying financial statements of North Penn Valley Boys and Girls Club, Inc. which comprise the statements of financial position as of December 31, 2018 and 2017, 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 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 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Penn Valley Boys and Girls Club, Inc. at December 31, 2018 and 2017, 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.

## **Emphasis of a Matter**

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted Accounting Standards Update 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.

*DunlapSLK, PC*

Chalfont, Pa.  
July 15, 2019

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 909,502	\$ 367,431
Prepaid Expenses	10,422	18,887
Cash Restricted	333,540	414,096
Certificates of Deposit	24,453	40,374
Total Current Assets	<u>1,277,917</u>	<u>840,788</u>
Property and Equipment, Net of Accumulated Depreciation	<u>2,394,957</u>	<u>2,500,060</u>
<b>Total Assets</b>	<b><u><u>\$ 3,672,874</u></u></b>	<b><u><u>\$ 3,340,848</u></u></b>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Current Obligations Under Capital Lease	\$ 9,810	\$ 9,710
Accounts Payable	14,212	9,271
Accrued Expenses	13,492	11,059
Accrued and Withheld Payroll Taxes	6,958	6,804
Deferred Grant Revenue	75,000	99,478
Total Current Liabilities	<u>119,472</u>	<u>136,322</u>
Long-Term Liabilities		
Obligations Under Capital Lease	<u>170,860</u>	<u>180,670</u>
Total Liabilities	<u>290,332</u>	<u>316,992</u>
Net Assets		
Without Donor Restrictions	3,124,002	2,589,746
With Donor Restrictions	258,540	434,110
Total Net Assets	<u>3,382,542</u>	<u>3,023,856</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 3,672,874</u></u></b>	<b><u><u>\$ 3,340,848</u></u></b>

See Notes to Financial Statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>			
Contributions	\$ 850,180	\$ 406,402	\$ 1,256,582
United Way	9,656	260,000	269,656
Program Income, Net of Camp Scholarships of \$44,058	236,976	0	236,976
Special Events, Net of Expenses of \$70,155	415,155	0	415,155
Membership Dues, Net of Scholarships of \$15,890	15,690	0	15,690
Rental Income	23,423	0	23,423
Miscellaneous Income	11,933	0	11,933
Interest Income	3,364	0	3,364
Net Assets Released from Restrictions	841,972	(841,972)	0
<b>Total Revenues and Support</b>	<b>2,408,349</b>	<b>(175,570)</b>	<b>2,232,779</b>
<b>Expenses</b>			
Program Services	1,537,095	0	1,537,095
Supporting Services			
General and Administrative	236,074	0	236,074
Fundraising	100,924	0	100,924
<b>Total Expenses</b>	<b>1,874,093</b>	<b>0</b>	<b>1,874,093</b>
<b>Change in Net Assets</b>	534,256	(175,570)	358,686
<b>Net Assets</b>			
Beginning of Year	2,589,746	434,110	3,023,856
End of Year	\$ 3,124,002	\$ 258,540	\$ 3,382,542

See Notes to Financial Statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	820,517	\$ 641,208	\$ 1,461,725
United Way	5,794	260,811	266,605
Program Income, Net of Camp Scholarships of \$40,448	212,845	0	212,845
Special Events, Net of Expenses of \$15,458	259,167	0	259,167
Membership Dues, Net of Scholarships of \$18,620	15,335	0	15,335
Rental Income	28,575	0	28,575
Miscellaneous Income	15,404	0	15,404
Interest Income	962	45	1,007
Net Assets Released from Restrictions	772,103	(772,103)	0
Total Revenues and Support	2,130,702	129,961	2,260,663
Expenses			
Program Services	1,415,872	0	1,415,872
Supporting Services			
General and Administrative	224,825	0	224,825
Fundraising	94,200	0	94,200
Total Expenses	1,734,897	0	1,734,897
Change in Net Assets	395,805	129,961	525,766
Net Assets			
Beginning of Year	2,193,941	304,149	2,498,090
End of Year	\$ 2,589,746	\$ 434,110	\$ 3,023,856

See Notes to Financial Statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2018**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 833,458	\$ 164,685	\$ 62,621	\$ 1,060,764
Employee Benefits	83,459	37,547	21,102	142,108
Payroll Taxes	71,846	17,533	6,678	96,057
Total Salaries and Related Expenses	<u>988,763</u>	<u>219,765</u>	<u>90,401</u>	<u>1,298,929</u>
Depreciation	142,131	3,740	3,740	149,611
Program Expenses	123,557	0	0	123,557
Insurance	74,275	1,955	1,955	78,185
Utilities	63,439	1,669	1,669	66,777
Modular Classroom Lease	42,374	432	432	43,238
Repairs and Maintenance	39,080	1,028	1,028	41,136
Professional Fees	19,568	515	515	20,598
Supplies and Communications	11,371	299	299	11,969
Travel and Meetings	4,290	6,671	885	11,846
Awards	10,004	0	0	10,004
Membership Dues / B&GCA	8,385	0	0	8,385
Miscellaneous Expenses	7,902	0	0	7,902
Interest Expense	1,956	0	0	1,956
Total Expenses	<u>\$ 1,537,095</u>	<u>\$ 236,074</u>	<u>\$ 100,924</u>	<u>\$ 1,874,093</u>

See Notes to Financial Statements.



**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2017**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 798,397	\$ 161,302	\$ 61,418	\$ 1,021,117
Employee Benefits	68,721	32,465	17,341	118,527
Payroll Taxes	70,293	17,121	6,530	93,944
Total Salaries and Related Expenses	<u>937,411</u>	<u>210,888</u>	<u>85,289</u>	<u>1,233,588</u>
Depreciation	103,731	2,730	2,730	109,191
Program Expenses	135,729	0	0	135,729
Insurance	71,294	1,876	1,876	75,046
Utilities	54,589	1,437	1,437	57,463
Modular Classroom Lease	14,125	144	144	14,413
Repairs and Maintenance	35,676	939	939	37,554
Professional Fees	20,468	539	539	21,546
Supplies and Communications	12,027	317	317	12,661
Travel and Meetings	4,152	5,955	929	11,036
Awards	10,569	0	0	10,569
Membership Dues / B&GCA	8,740	0	0	8,740
Miscellaneous Expenses	5,307	0	0	5,307
Interest Expense	2,054	0	0	2,054
Total Expenses	<u>\$ 1,415,872</u>	<u>\$ 224,825</u>	<u>\$ 94,200</u>	<u>\$ 1,734,897</u>

See Notes to Financial Statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 358,686	\$ 525,766
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	149,611	109,191
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Prepaid Expenses	8,465	(4,204)
Increase (Decrease) in:		
Accounts Payable	4,941	(250)
Accrued Expenses	2,433	854
Accrued and Withheld Payroll Taxes	154	(161)
Deferred Grant Revenue	(24,478)	(134,707)
Net Cash Provided by Operating Activities	<u>499,812</u>	<u>496,489</u>
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(44,508)	(282,830)
Maturity of (Additions to) Certificates of Deposit	15,921	(34)
Net Cash Used in Investing Activities	<u>(28,587)</u>	<u>(282,864)</u>
Cash Flows from Financing Activities		
Principal Payments on Capital Leases	<u>(9,710)</u>	<u>(9,612)</u>
Net Increase in Cash	461,515	204,013
Cash		
Beginning of Year	<u>781,527</u>	<u>577,514</u>
End of Year	<u>\$ 1,243,042</u>	<u>\$ 781,527</u>
Cash		
Undesignated	\$ 909,502	\$ 367,431
Restricted	333,540	414,096
Total	<u>\$ 1,243,042</u>	<u>\$ 781,527</u>
Supplemental Disclosures of Cash Flow Information		
Cash Payments for Interest	<u>\$ 1,956</u>	<u>\$ 2,054</u>

See Notes to Financial Statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**1. Nature of Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

North Penn Valley Boys and Girls Club, Inc. (the Club) is a not-for-profit community service organization incorporated in 1967. The Club provides a variety of recreational, social, vocational and educational programs for boys and girls between the ages of six through eighteen. The Club serves over 4,000 children at their three locations which are the North Penn Valley Club in Lansdale, the Indian Valley Club in Souderton, and the Wissahickon Valley Club in Ambler, Pennsylvania.

**Basis of Accounting**

The financial statements of the Club have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Net Assets**

Accounting standards prescribe the format for general-purpose financial statements for all not-for-profit organizations. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Club to report information regarding its financial position and activities according to the following net asset classifications:

**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 organization. These net assets may be used at the discretion of the Club's management and the Board of Directors.

**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 the actions of the Club or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Club has no assets with perpetual donor restrictions.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Contributions**

Contributions, including unconditional promises to give, are recorded as revenue when received. Investments, property, and other non-cash contributions are recorded at fair value at the date of gift or bequest. Contributions are considered to be available for unrestricted use unless they are received with donor stipulations that limit the use of the donated assets. When restrictions expire (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.

**Special Events**

Revenue and expenses from special events are recognized during the period the event is held. Receipts received prior to the period when the event is held are recognized as deferred revenue. Expenses incurred prior to the period the event is held are recognized as prepaid expenses.

**Contributed Services**

Many individuals volunteer their time and perform a variety of tasks that assist the Club in carrying out its programs. Because no objective basis is available to measure the value of these services, the value of these services was not recorded during the years ended December 31, 2018 and 2017.

**Cash**

The Club maintains its cash accounts in several commercial banks. The amount on deposit may exceed the federally insured limit. The Club has not experienced any losses in such accounts. The Club believes it is not exposed to any significant credit risk on cash.

**Restricted Cash**

At December 31, 2018 and 2017, the Club has restricted cash of \$333,540 and \$414,096, respectively. This represents the funds that were given to the Club for scholarships, the Wissahickon Valley building project, and Wissahickon Valley operating expenses.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are stated at cost. Major replacements and betterments are capitalized while maintenance and repairs are expensed as incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. If the donor does not stipulate how long those donated assets must be maintained, then the Club reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Club reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

<u>Classifications</u>	<u>Years</u>
Buildings	39
Building Improvements	7-39
Office Furniture and Fixtures	3-10
Equipment and Signs	5-10

**Income Tax Status**

The Club has qualified as a tax-exempt organization under existing provisions of the Internal Revenue Code Section 501(c)(3). Accordingly, its income related to its tax exempt purpose is not subject to federal or state income taxes. The Club did not have any unrelated business income for the years ended December 31, 2018 and 2017 that would be subject to federal or state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Club accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2018 and 2017.

The Club's Forms 990 – *Return of Organization Exempt from Income Tax* for the years ended December 31, 2015, and subsequent years remain subject to examination by the Internal Revenue Service.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**New Accounting Pronouncement Adopted**

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update 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 classification, 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 Club has adjusted the presentation of these statements accordingly. The update has been applied retrospectively to all periods presented. A recap of the net asset reclassifications recorded by the adoption of the update as of December 31, 2017, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As Previously Presented			
Unrestricted	\$ 2,589,746	\$ 0	\$ 2,589,746
Temporarily Restricted	<u>0</u>	<u>434,110</u>	<u>434,110</u>
	<u>\$ 2,589,746</u>	<u>\$ 434,110</u>	<u>\$ 3,023,856</u>

**2. Availability and Liquidity**

The following represents the Club's financial assets at December 31, 2018:

Financial Assets	
Cash	\$ 1,243,042
Prepaid Expenses	10,422
Certificates of Deposit	<u>24,453</u>
Total Financial Assets	1,277,917
Less Amounts Not Available to be Used Within One Year	
Net Assets with Donor Restrictions	<u>258,540</u>
Financial Assets Available to Meet General Expenditures Over the Next Year	<u>\$ 1,019,377</u>

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**2. Availability and Liquidity (Continued)**

Management believes that the Club has sufficient financial assets on hand to meet operating cash flow needs. As part of its liquidity plan, excess cash is invested in money market accounts and certificates of deposit.

**3. Certificates of Deposit**

At December 31, 2018 and 2017, certificates of deposit held are as follows:

	<u>2018</u>	<u>2017</u>
KeyBank	\$ 24,453	\$ 24,414
BB&T	0	15,960
	<u>\$ 24,453</u>	<u>\$ 40,374</u>

**4. Property and Equipment**

At December 31, 2018 and 2017, the detail of property and equipment is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 300,000	\$ 300,000
Buildings	2,588,702	2,588,702
Building Improvements	1,275,597	1,255,203
Office Furniture and Fixtures	172,286	172,286
Equipment and Signs	<u>388,008</u>	<u>363,894</u>
	4,724,593	4,680,085
Accumulated Depreciation	<u>(2,329,636)</u>	<u>(2,180,025)</u>
Net Property and Equipment	<u>\$ 2,394,957</u>	<u>\$ 2,500,060</u>

For the years ended December 31, 2018 and 2017, depreciation expense totaled \$149,611 and \$109,191, respectively.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**5. Obligations Under Capital Lease**

The Club has entered into a thirty-year land lease agreement with the Borough of Souderton. The Club is responsible for all improvements, maintenance and insurance on the property and must have a general liability policy of \$1,000,000 naming the lessor as an additional insured. The annual payment on this lease is \$11,667, and runs through June 13, 2034, at which time the Club will take ownership of the land. The land will continue to have the following restrictions and conditions, which are perpetual and shall run with the land.

The use of the property and the facilities erected thereon shall be restricted to uses similar to that of the Club, namely, activities of a recreational and athletic nature conducted on a nonprofit basis for the benefit of boys and girls in the Souderton area. The Borough of Souderton and members of the public shall retain the right to use the outdoor recreational facilities and the parking area.

The capitalized cost of the land is \$300,000. The following is a schedule by years of the future minimum lease payments under this lease, together with the present value of the net minimum lease payments as of December 31, 2018.

Year Ending December 31,	Amount
2019	\$ 11,667
2020	11,667
2021	11,667
2022	11,667
2023	11,667
2024 and Thereafter	139,497
	197,832
Less Interest Portion	(17,162)
	180,670
Less Current Obligation	(9,810)
Long-Term Obligation	\$ 170,860

**6. Interest Expense**

For the years ended December 31, 2018 and 2017, interest expense was \$1,956 and \$2,054, respectively



**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**7. Net Assets**

At December 31, 2018 and 2017, net assets with donor restrictions available for the following purposes:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 124,664	\$ 100,491
More Members More Often	65,000	0
Wissahickon Project	44,136	313,550
Mentoring	15,990	20,069
Technology Upgrades	<u>8,750</u>	<u>0</u>
Total Temporarily Restricted Net Assets	<u>\$ 258,540</u>	<u>\$ 434,110</u>

Net assets were released from net assets with donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Purposes Restrictions Accomplished:		
Project Learn	\$ 327,000	\$ 328,811
Wissahickon Project	304,414	336,674
Success 360 Grant	162,078	66,975
Mentoring	29,080	4,931
Scholarships	17,000	6,000
Mobile App	2,400	5,350
EITC – Art and Music Room	0	18,597
Food for Thought	0	4,054
Other	<u>0</u>	<u>711</u>
Total Net Assets Released from Restrictions	<u>\$ 841,972</u>	<u>\$ 772,103</u>

**8. Endowment**

The Club has an endowment fund that is administered by the Philadelphia Foundation, as agent. The Club has no control over the funds as the donors contribute directly to the Philadelphia Foundation. Distributions from the fund do not begin until the fund reaches \$150,000 in value. Distributions will then be made at 5% per year of the fund balance, of which the Philadelphia Foundation will retain 1% for administrative fees. Distributions will be considered as grants to the Club.

In accordance with accounting standards, the fund is not recorded on the books of the Club. At December 31, 2018 and 2017, the endowment has a balance of \$44,316 and \$46,624, respectively.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**9. Special Events**

During the years ended December 31, 2018 and 2017, the Club conducted special events designed to inform supporters about current operations and activities, and to raise funds for the Club. The table below summarizes support received and related costs of these events.

	<u>Support</u>	<u>Expenses</u>	<u>2018 Net Proceeds</u>	<u>2017 Net Proceeds</u>
Club Dinner	\$ 469,810	\$ 66,360	\$ 403,450	\$ 247,170
Battle of the Hogs	15,500	3,795	11,705	10,997
Youth of the Year Event	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
	<u>\$ 485,310</u>	<u>\$ 70,155</u>	<u>\$ 415,155</u>	<u>\$ 259,167</u>

**10. Retirement Benefits**

The Club provides a 401(k) program to full-time and part-time employees who are at least 21 years old and who have completed one year and 1,000 hours of service. The Club can make a discretionary matching contribution as well as a profit sharing contribution. For the years ended December 31, 2018 and 2017, the retirement plan expense was \$45,030 and \$32,996, respectively.

**11. Operating Lease – Modular Classrooms**

The Club entered into a five-year lease for modular classrooms, which expires September 21, 2022. Rent is paid at \$3,603 per month for 60 months. At December 31, 2018, future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 43,236
2020	43,236
2021	43,236
2022	<u>28,824</u>
	<u>\$ 158,532</u>

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**12. Recent Accounting Pronouncements Issued, Not Yet Effective**

**Revenue Recognition**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, which creates a new Topic ASC 606, *Revenue from Contracts with Customers*. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services. The updated standard will replace most existing revenue recognition guidance in US GAAP when it becomes effective. Additionally, the guidance requires improved disclosures to help users of financial statements to better understand the nature, amount, timing and uncertainty of revenue that is recognized. For non-public entities, the update is effective for annual reporting periods beginning after December 15, 2018. The Club plans to adopt and apply the guidance for its year ending December 31, 2019. Management has not yet determined the effect this Statement will have on the Organization's financial statements.

**Leases**

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases*, which creates a new Topic ASC 842, *Leases*. Under the new guidance, a lessee will be required to recognize on the balance sheet a liability to make lease payments and a right-to-use asset representing its right to use the underlying asset for the lease term for both finance and operating leases. For leases with a term of 12 months or less, an entity can elect to not recognize lease assets and lease liabilities and expense the lease over a straight-line basis for the term of the lease. The updated standard will replace current lease guidance in US GAAP when it becomes effective. Also, the guidance requires new disclosures that depict the amount, timing, and uncertainty of cash flows pertaining to an entity's leases. For non-public entities, the update is effective for annual reporting periods beginning after December 15, 2019. The Club plans to adopt and apply the guidance for its year ending December 31, 2020. Management has not yet determined the effect this Statement will have on the Organization's financial statements.

**13. Subsequent Events**

Management has evaluated events and transactions that occurred after December 31, 2018, through July 15, 2019, the date the financial statements were available to be issued, and determined that, based upon such events and transactions, no adjustment to, or disclosure in the financial statements is required.