

**NORTH PENN VALLEY BOYS  
AND GIRLS CLUB, INC.  
Financial Report  
December 31, 2020 and 2019**

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**December 31, 2020 and 2019**

**Table of Contents**

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15

## **Independent Auditors' 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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*DunlapSLK, PC*

Chalfont, Pennsylvania  
May 27, 2021

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current Assets		
Cash	\$ 1,781,719	\$ 1,394,220
Prepaid Expenses	14,775	18,463
Certificates of Deposit	101,700	74,490
Total Current Assets	1,898,194	1,487,173
Cash Restricted	122,050	118,166
Property and Equipment, Net of Accumulated Depreciation	2,173,396	2,314,796
<b>Total Assets</b>	<b>\$ 4,193,640</b>	<b>\$ 3,920,135</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Current Obligations Under Capital Lease	\$ 10,013	\$ 9,911
Accounts Payable	5,711	19,829
Accrued Expenses	20,059	15,769
Accrued and Withheld Payroll Taxes	1,667	10,870
Deferred Membership Revenue	-	3,600
Total Current Liabilities	37,450	59,979
Long-Term Liabilities		
Obligations Under Capital Lease	150,935	160,948
Total Liabilities	188,385	220,927
Net Assets		
Without Donor Restrictions	3,883,205	3,581,042
With Donor Restrictions	122,050	118,166
Total Net Assets	4,005,255	3,699,208
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,193,640</b>	<b>\$ 3,920,135</b>

See notes to financial statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statements of Activities**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>						
Contributions	\$ 1,333,116	\$ 159,234	\$ 1,492,350	\$ 1,143,871	\$ 289,000	\$ 1,432,871
Grant Revenue- PPP	259,016	-	259,016	-	-	-
United Way	5,003	-	5,003	3,796	130,000	133,796
Program Income, Net of Camp Scholarships 2020 \$0; 2019 \$45,659	5,266	-	5,266	280,411	-	280,411
Special Events, Net of Expenses 2020 \$0; 2019 \$31,036	-	-	-	348,034	-	348,034
Membership Dues, Net of Scholarships 2020 \$0; 2019 \$15,300	9,000	-	9,000	14,515	-	14,515
Rental Income	19,249	-	19,249	29,697	-	29,697
Miscellaneous Income	9,389	-	9,389	15,240	-	15,240
Interest Income	9,854	-	9,854	16,762	-	16,762
Net Assets Released from Restrictions	155,350	(155,350)	-	559,374	(559,374)	-
Total Revenues and Support	1,805,243	3,884	1,809,127	2,411,700	(140,374)	2,271,326
<b>Expenses</b>						
Program Services	1,214,366	-	1,214,366	1,630,707	-	1,630,707
Supporting Services						
General and Administrative	186,817	-	186,817	222,947	-	222,947
Fundraising	101,897	-	101,897	101,006	-	101,006
Total Expenses	1,503,080	-	1,503,080	1,954,660	-	1,954,660
<b>Change in Net Assets</b>	<b>302,163</b>	<b>3,884</b>	<b>306,047</b>	<b>457,040</b>	<b>(140,374)</b>	<b>316,666</b>
<b>Net Assets</b>						
Beginning of Year	3,581,042	118,166	3,699,208	3,124,002	258,540	3,382,542
End of Year	\$ 3,883,205	\$ 122,050	\$ 4,005,255	\$ 3,581,042	\$ 118,166	\$ 3,699,208

See notes to financial statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2020 and 2019**

	2020				2019			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries and Wages	\$ 599,379	\$ 128,275	\$ 65,219	\$ 792,873	\$ 907,393	\$ 155,266	\$ 63,365	\$ 1,126,024
Employee Benefits	84,493	32,663	20,769	137,925	79,733	36,876	20,987	137,596
Payroll Taxes	47,685	11,486	5,893	65,064	80,770	15,580	6,326	102,676
Total Salaries and Related Expenses	731,557	172,424	91,881	995,862	1,067,896	207,722	90,678	1,366,296
Depreciation	156,894	4,129	4,129	165,152	146,280	3,849	3,849	153,978
Insurance	69,601	1,853	1,853	73,307	59,128	1,556	1,556	62,240
Awards	48,224	-	-	48,224	6,689	-	-	6,689
Program Expenses	45,482	-	-	45,482	140,977	-	-	140,977
Modular Classroom Lease	42,374	432	432	43,238	42,374	432	432	43,238
Utilities	31,510	808	808	33,126	56,803	1,495	1,495	59,793
Repairs and Maintenance	26,378	694	694	27,766	54,092	1,424	1,424	56,940
Professional Fees	24,985	658	658	26,301	22,124	582	582	23,288
Supplies and Communications	17,136	451	451	18,038	12,546	331	331	13,208
Travel and Meetings	4,103	5,368	991	10,462	3,391	5,556	659	9,606
Membership Dues / B&GCA	9,839	-	-	9,839	9,770	-	-	9,770
Miscellaneous Expenses	4,594	-	-	4,594	6,782	-	-	6,782
Interest Expense	1,689	-	-	1,689	1,855	-	-	1,855
<b>Total Expenses</b>	<b>\$ 1,214,366</b>	<b>\$ 186,817</b>	<b>\$ 101,897</b>	<b>\$ 1,503,080</b>	<b>\$ 1,630,707</b>	<b>\$ 222,947</b>	<b>\$ 101,006</b>	<b>\$ 1,954,660</b>

See notes to financial statements.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 306,047	\$ 316,666
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	165,152	153,978
Grant Revenue - PPP Loan Forgiven	(259,016)	-
Change in Assets and Liabilities		
(Increase) Decrease in		
Prepaid Expenses	3,688	(8,041)
Increase (Decrease) in		
Accounts Payable	(14,118)	5,617
Accrued Expenses	4,290	2,277
Accrued and Withheld Payroll Taxes	(9,203)	3,912
Deferred Membership and Grant Revenue	(3,600)	(71,400)
Net Cash Provided by Operating Activities	193,240	403,009
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(23,752)	(73,817)
Additions to Certificates of Deposit	(27,210)	(50,037)
Net Cash Used in Investing Activities	(50,962)	(123,854)
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Capital Leases	(9,911)	(9,811)
Proceeds from PPP Loan	259,016	-
Net Cash Provided by (Used in) Financing Activities	249,105	(9,811)
<b>Net Increase in Cash</b>	391,383	269,344
<b>Cash</b>		
Beginning of Year	1,512,386	1,243,042
End of Year	\$ 1,903,769	\$ 1,512,386
<b>Cash</b>		
Undesignated	\$ 1,781,719	\$ 1,394,220
Restricted	122,050	118,166
Total	\$ 1,903,769	\$ 1,512,386
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash Payments for Interest	\$ 1,689	\$ 1,855

See notes to financial statements.



**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**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 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.

**Revenue Recognition**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, which created a new Topic ASC 606, and subsequent related updates. 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 replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America, and requires improved disclosures to help users of financial statements to better understand the nature, amount, timing and uncertainty of revenue that is recognized. The Club adopted this pronouncement during the year ended December 31, 2019, and management believes the standard improves the usefulness and understandability of the Club's financial reporting.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Revenue Recognition (continued)**

Analysis of various provisions of this standard resulted in no significant changes in the way the Club recognizes revenue, and therefore no changes to the previously issued audited financial statements were required. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Club derives the majority of its revenue from contributions, program fees and membership fees.

**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.

**Program Fees**

The Club offers many programs and classes during the school year that vary in duration. The Club also offers a summer camp program outside of the school year. Scholarships are also provided for children from low-income households. Payments for program fees are made before the program begins, generally when a participant registers for the program. The Club recognizes revenue from program fees over the time of the program.

**Membership Dues**

Membership at the Club gives members access to the Club amenities like the gym and weight room and access to programs are at reduced costs. Scholarships are also provided for children from low-income households. The membership fees are paid on an annual calendar year basis. Typically, the membership fee for the calendar year will be paid at the start of the year in January. If a membership fee is paid for the following calendar year, the fee is recognized as deferred revenue at year end.

**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, 2020 and 2019.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**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, 2020 and 2019, the Club has restricted cash of \$122,050 and \$118,166, respectively. This represents the funds that were given to the Club for scholarships, the Wissahickon Valley building project, and Wissahickon Valley operating expenses.

**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, 2020 and 2019 that would be subject to federal or state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Income Tax Status (continued)**

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 2020 and 2019.

The Club's Forms 990 – *Return of Organization Exempt from Income Tax* for the previous three years remains subject to examination by the Internal Revenue Service.

**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 based on time and effort.

**COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread around world. The COVID-19 virus led to a severe economic downturn worldwide. This outbreak disrupted a range of industries, including not-for-profits. The extent of further economic impact of COVID-19 on the Club's operations and financial performance depends on certain developments, including the duration and spread of the outbreak, and the impact on donors and fundraising activities, all of which are uncertain and cannot be predicted. At this time, the Club has suspended all recreational activities and programs and summer camp is expected to return in a limited capacity in June 2021. As of May 27, 2021, the extent to which COVID-19 may impact the Club's financial condition or results of operations is uncertain.

**2. AVAILABILITY AND LIQUIDITY**

Financial assets available for general expenditures, that is, without donor restrictions limiting their use within one year of December 31, 2020, comprise the following:

Financial Assets	
Cash	\$ 1,903,769
Certificates of Deposit	101,700
Total Financial Assets	<u>2,005,469</u>
Less Amounts Not Available to be Used Within One Year	
Net Assets with Donor Restrictions	<u>122,050</u>
Financial Assets Available to Meet General Expenditures Over the Next Year	<u><u>\$ 1,883,419</u></u>

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.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**3. CERTIFICATES OF DEPOSIT**

At December 31, 2020 and 2019, certificates of deposit held are as follows:

	<u>2020</u>	<u>2019</u>
Univest Bank	\$ 51,130	\$ 50,000
C&N Bank	50,570	-
KeyBank	<u>-</u>	<u>24,490</u>
	<u>\$ 101,700</u>	<u>\$ 74,490</u>

**4. PROPERTY AND EQUIPMENT**

At December 31, 2020 and 2019, the detail of property and equipment is as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 300,000	\$ 300,000
Buildings	2,588,702	2,588,702
Building Improvements	1,332,302	1,329,302
Office Furniture and Fixtures	172,286	172,286
Equipment and Signs	<u>428,872</u>	<u>408,120</u>
	4,822,162	4,798,410
Accumulated Depreciation	<u>(2,648,766)</u>	<u>(2,483,614)</u>
Net Property and Equipment	<u>\$ 2,173,396</u>	<u>\$ 2,314,796</u>

For the years ended December 31, 2020 and 2019, depreciation expense totaled \$165,152 and \$153,978, respectively.

**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.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**5. OBLIGATIONS UNDER CAPITAL LEASE (continued)**

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, 2020.

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 11,667
2022	11,667
2023	11,667
2024	11,667
2025	11,667
2026 and Thereafter	<u>116,233</u>
	174,568
Less Interest Portion	<u>(13,620)</u>
	160,948
Less Current Obligation	<u>(10,013)</u>
Long-Term Obligation	<u><u>\$ 150,935</u></u>

**6. INTEREST EXPENSE**

For the years ended December 31, 2020 and 2019, interest expense was \$1,689 and \$1,855, respectively.

**7. DEFERRED REVENUE**

The following table provides information about significant changes in the deferred revenue for the year ended December 31, 2020:

Deferred Membership Revenue, Beginning of Year	\$ 3,600
Revenue Recognized That Was Included in Deferred Revenue at the Beginning of Year	(3,600)
Increase in Deferred Revenue Due to Cash Received During the Period	<u>-</u>
Deferred Grant and Membership Revenue, End of Year	<u><u>\$ -</u></u>

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**8. NET ASSETS**

At December 31, 2020 and 2019, net assets with donor restrictions available for the following purposes:

	2020	2019
Scholarships	\$ 122,050	\$ 118,166

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:

	2020	2019
Purposes Restrictions Accomplished		
Project Learn	\$ 122,500	\$ 263,000
Wissahickon Project	27,500	44,135
Scholarships	5,350	7,500
Success 360 Grant	-	210,000
Mentoring	-	15,989
Club Safety Updates	-	10,000
Technology Upgrades	-	8,750
Total Net Assets Released from Restrictions	\$ 155,350	\$ 559,374

**9. 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, 2020 and 2019, the endowment has a balance of \$55,338 and \$51,109, respectively.

**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**10. SPECIAL EVENTS**

During the years ended December 31, 2020 and 2019, the Club conducted special events designed to inform supporters about current operations and activities, and to raise funds for the Club. The Club dinner was cancelled in 2020 due to the COVID-19 pandemic. The table below summarizes support received and related costs of these events.

	<u>Support</u>	<u>Expenses</u>	<u>2020 Net Proceeds</u>	<u>2019 Net Proceeds</u>
Club Dinner	\$ -	\$ -	\$ -	\$ 348,034

**11. 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, 2020 and 2019, the retirement plan expense was \$46,604 and \$41,923, respectively.

**12. 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, 2020, future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 43,236
2022	<u>28,824</u>
	<u>\$ 72,060</u>



**NORTH PENN VALLEY BOYS AND GIRLS CLUB, INC.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**13. RECENT ACCOUNTING PRONOUNCEMENT ISSUED, NOT YET EFFECTIVE**

In February 2016, the Financial Accounting Standards Board (FASB) 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. On June 3, 2020, the FASB issued Accounting Standards Update 2020-05 which delayed the effective date another year for this new standard. So now for non-public entities, the update is effective for annual reporting periods beginning after December 15, 2021. The Club plans to adopt and apply the guidance for its year ending December 31, 2022. Management has not yet determined the effect this standard will have on the Club's financial statements.

**14. GRANT - PPP**

In May 2020, the Club received a loan in the amount of \$259,016 through the Paycheck Protection Program (PPP). PPP funds are a form of low interest loans where some or all of the principal and interest may be eligible for forgiveness, subject to compliance and approval based on timing and use of funds in accordance with PPP guidelines. The PPP funds were subject to review and any amount deemed not forgiven would be converted to an amortizing term loan payable, due by May 1, 2022. The PPP loan bears interest at a fixed rate of 1.0% per annum, unless forgiven. In April 2021, pursuant to the provisions of the CARES Act, the Club applied for forgiveness of the \$259,016 loan and the Club received full forgiveness in May 2021. Accordingly, the loan has been recorded as grant revenue in the statement of activities.

**15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 27, 2021, the date the financial statements were available to be issued.