
Union League Boys and Girls Clubs

Financial Report
December 31, 2020

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-19

Independent Auditor's Report

To the Board of Trustees
Union League Boys and Girls Clubs

Report on the Financial Statements

We have audited the accompanying financial statements of Union League Boys and Girls Clubs (ULBGC), which comprise the statement of financial position as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Union League Boys and Girls Clubs as of December 31, 2020 and 2019 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Union League Boys and Girls Clubs

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021 on our consideration of Union League Boys and Girls Clubs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union League Boys and Girls Clubs' internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 22, 2021

Union League Boys and Girls Clubs

Statement of Financial Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash	\$ 520,830	\$ 281,066
Prepaid expenses and other assets	18,439	67,679
Receivables:		
Contributions - Net (Note 6)	197,700	395,994
Interest	-	1,196
Government grants and contracts - Net of allowance for doubtful accounts of \$21,248 in 2020 and 2019	901,028	616,734
Total current assets	1,637,997	1,362,669
Investments (Note 4)	12,902,352	11,334,246
Other Assets		
Contributions receivable - Net (Note 6)	97,623	263,249
Cash surrender value life insurance	115,043	108,513
Beneficial interests in trusts (Note 4)	6,278,987	5,792,504
Property and Equipment - Net (Note 7)	7,018,001	7,228,081
Total noncurrent assets	26,412,006	24,726,593
Total assets	\$ 28,050,003	\$ 26,089,262
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 224,080	\$ 134,526
Deferred revenue	-	1,137
Line of credit (Note 9)	601,511	601,548
Accrued liabilities and other:		
Accrued payroll and payroll taxes	206,318	105,639
Accrued real estate taxes	11,678	5,920
Total current liabilities	1,043,587	848,770
Deferred Compensation Liability	151,283	111,611
Total liabilities	1,194,870	960,381
Net Assets		
Without donor restrictions:		
Undesignated	10,794,371	10,361,699
Board designated - Endowment	4,589,499	4,192,381
With donor restrictions	11,471,263	10,574,801
Total net assets	26,855,133	25,128,881
Total liabilities and net assets	\$ 28,050,003	\$ 26,089,262

Union League Boys and Girls Clubs

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	\$ 1,847,657	\$ 575,390	\$ 2,423,047	\$ 1,901,118	\$ 815,964	\$ 2,717,082
In-kind donations	59,217	-	59,217	-	-	-
Government grants and contracts	2,017,838	-	2,017,838	1,310,905	-	1,310,905
Camp and membership fees	-	-	-	18,400	-	18,400
Special event revenue	57,726	-	57,726	218,982	-	218,982
Income from trusts	219,705	-	219,705	231,875	-	231,875
Net realized and unrealized gains on investments	1,253,820	453,932	1,707,752	1,521,168	442,476	1,963,644
Investment income - Net (Note 5)	136,249	41,852	178,101	222,481	41,815	264,296
Change in value of split-interests in trusts	-	486,483	486,483	-	711,986	711,986
Other income	23,901	-	23,901	46,677	-	46,677
Change in cash surrender value of life insurance	-	6,530	6,530	1,056	(70,359)	(69,303)
Forgiveness of Paycheck Protection Program loan (Note 14)	617,500	-	617,500	-	-	-
Net assets released from restrictions	667,725	(667,725)	-	456,694	(456,694)	-
Total revenue, gains, and other support	6,901,338	896,462	7,797,800	5,929,356	1,485,188	7,414,544
Expenses						
Program services:						
Club operations	3,778,120	-	3,778,120	3,443,131	-	3,443,131
Camp	423,840	-	423,840	547,781	-	547,781
Scholarships	95,010	-	95,010	123,617	-	123,617
Support services:						
Administrative	1,050,152	-	1,050,152	1,021,191	-	1,021,191
Fundraising	724,426	-	724,426	620,584	-	620,584
Total expenses	6,071,548	-	6,071,548	5,756,304	-	5,756,304
Increase in Net Assets	829,790	896,462	1,726,252	173,052	1,485,188	1,658,240
Net Assets - Beginning of year	14,554,080	10,574,801	25,128,881	14,381,028	9,089,613	23,470,641
Net Assets - End of year	\$ 15,383,870	\$ 11,471,263	\$ 26,855,133	\$ 14,554,080	\$ 10,574,801	\$ 25,128,881

See notes to financial statements.

Year Ended December 31, 2020

	Program Services											Support Services				
	Club One	Club Two	Barreto	Clemente	Juvenile Temporary Detention Center	Hammond	Stagg	Nicholson	Wentworth	TEAM Englewood	Camp	Scholarships	Total	Administrative	Fundraising	Total
Salaries	\$ 535,457	\$ 183,080	\$ 587,192	\$ 133,786	\$ 50,060	\$ 143,169	\$ 214,574	\$ 100,546	\$ 57,796	\$ 148,628	\$ 69,567	\$ -	\$ 2,223,855	\$ 402,765	\$ 492,282	\$ 3,118,902
401(k) contributions	9,322	3,803	13,011	2,778	1,251	3,158	2,480	303	134	1,847	2,064	-	40,151	7,239	7,127	54,517
Other employee benefits	37,820	16,682	50,081	10,954	1,100	2,782	15,875	1,376	1,439	3,081	16,142	-	157,332	64,121	50,752	272,205
Payroll taxes	45,976	15,613	51,684	10,309	4,639	12,753	17,847	8,953	5,239	12,947	5,245	-	191,205	22,457	32,542	246,204
Total salaries and related expenses	628,575	219,178	701,968	157,827	57,050	161,862	250,776	111,178	64,608	166,503	93,018	-	2,612,543	496,582	582,703	3,691,828
Professional fees	3,450	-	2,850	1,625	-	36	-	300	-	5,075	38,929	-	52,265	303,100	41,418	396,783
Supplies	119,183	33,404	69,836	29,814	169	7,683	37,014	41,025	33,934	25,354	7,687	-	405,103	27,050	8,875	441,028
Telecommunications	8,107	4,558	14,237	600	-	4,030	3,288	4,034	3,622	5,562	4,966	-	53,004	17,388	-	70,392
Postage and delivery	1,457	37	1,029	8	-	111	75	60	-	60	-	-	2,837	1,558	4,255	8,650
Occupancy expenses	61,640	375	67,738	375	-	3,316	3,411	4,695	3,948	983	58,110	-	204,591	70,511	-	275,102
Equipment rental and maintenance	17,342	11,554	18,019	649	-	649	7,876	9,054	7,693	8,226	6,440	-	87,502	16,613	119	104,234
Printing and publications	367	274	274	-	-	-	70	-	-	-	400	-	1,385	5,573	9,940	16,898
Transportation and travel	2,498	1,943	-	-	2	-	1,754	1,577	1,318	502	1,178	-	10,772	23,664	234	34,670
Conferences and meetings	318	183	-	131	-	-	595	-	-	-	2,426	-	3,653	13,780	3,889	21,322
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	9,457	-	9,457
Insurance - General	27,601	4,727	18,210	1,100	-	23	-	-	-	-	22,624	-	74,285	10,062	-	84,347
Membership dues	30,350	30,350	30,349	-	-	-	-	-	-	-	68,858	-	159,907	2,985	-	162,892
Other fundraising costs	-	-	-	-	-	-	-	-	-	-	-	-	-	1,164	68,659	69,823
Bank charges and fees	797	127	483	-	-	-	-	-	-	-	149	-	1,556	12,072	3,560	17,188
Public relations expenses and ads	-	-	-	-	-	-	-	-	-	-	-	-	-	13,345	-	13,345
Depreciation	222,750	5,612	158,091	901	-	1,070	1,385	1,404	1,020	11,374	117,440	-	521,047	3,950	-	524,997
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	18,062	-	18,062
Other expenses	-	1,264	4,150	2,421	-	1,141	65	15	486	353	1,615	-	11,510	3,236	774	15,520
Grants and assistance	-	-	-	-	-	-	-	-	-	-	-	95,010	95,010	-	-	95,010
Total functional expenses	\$ 1,124,435	\$ 313,586	\$ 1,087,234	\$ 195,451	\$ 57,221	\$ 179,921	\$ 306,309	\$ 173,342	\$ 116,629	\$ 223,992	\$ 423,840	\$ 95,010	\$ 4,296,970	\$ 1,050,152	\$ 724,426	\$ 6,071,548

Year Ended December 31, 2019

	Program Services											Support Services				
	Club One	Club Two	Barreto	Clemente	Juvenile Temporary Detention Center	Hammond	Stagg	Nicholson	Wentworth	TEAM Englewood	Camp	Scholarships	Total	Administrative	Fundraising	Total
Salaries	\$ 463,126	\$ 223,220	\$ 622,150	\$ 112,284	\$ 33,873	\$ 128,759	\$ 162,821	\$ 65,007	\$ 66,220	\$ 77,897	\$ 138,768	\$ -	\$ 2,094,125	\$ 542,648	\$ 199,965	\$ 2,836,738
401(k) contributions	8,136	3,646	9,296	1,372	293	2,343	407	-	-	158	2,036	-	27,687	10,758	2,629	41,074
Other employee benefits	29,912	9,404	42,100	8,972	379	2,166	10,105	638	580	1,220	11,200	-	116,676	74,828	31,431	222,935
Payroll taxes	38,500	19,565	52,015	9,563	2,926	11,250	13,508	5,906	5,970	6,727	9,661	-	175,591	32,039	16,290	223,920
Total salaries and related expenses	539,674	255,835	725,561	132,191	37,471	144,518	186,841	71,551	72,770	86,002	161,665	-	2,414,079	660,273	250,315	3,324,667
Professional fees	-	-	47,561	-	-	-	-	23,500	-	-	58,491	-	129,552	129,965	98,406	357,923
Supplies	51,519	49,789	75,797	14,510	3,258	13,440	11,937	9,288	10,740	3,757	78,161	-	322,196	16,542	29,018	367,756
Telecommunication	16,114	-	11,692	430	-	200	650	350	-	600	5,084	-	35,120	11,703	200	47,023
Postage and delivery	93	38	911	-	-	-	-	-	-	30	329	-	1,401	1,769	6,413	9,583
Occupancy expenses	119,295	-	72,429	-	-	-	-	-	-	-	63,124	-	254,848	35,508	-	290,356
Equipment rental and maintenance	21,352	10,783	14,876	72	-	72	72	72	72	-	16,011	-	63,382	28,001	17,052	108,435
Printing and publications	-	-	-	-	-	-	78	-	91	-	2,444	-	2,613	4,555	23,279	30,447
Transportation and travel	13,514	18,323	18,774	7,570	40	1,825	5,398	1,741	4,894	1,760	12,044	-	85,883	29,104	12,780	127,767
Conferences and meetings	5,514	330	1,155	255	284	155	442	309	155	625	5,108	-	14,332	38,137	21,935	74,404
Interest	24,521	-	-	-	-	-	-	-	-	-	-	-	24,521	-	-	24,521
Insurance - General	26,955	6,978	18,768	386	1,266	1,015	448	308	308	274	12,524	-	69,230	14,787	-	84,017
Membership dues	8,799	8,737	17,536	63	-	-	125	-	-	-	2,565	-	37,825	1,638	483	39,946
Other fundraising costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	159,734	159,734
Bank charges and fees	389	359	431	-	-	-	-	-	-	-	-	-	1,179	15,450	-	16,629
Public relations expenses and ads	-	-	-	-	-	-	-	-	-	-	-	-	-	2,042	800	2,842
Depreciation	227,671	4,270	164,939	(823)	-	427	1,003	676	724	2,599	128,916	-	530,402	2,777	-	533,179
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	24,000	-	24,000
Other expenses	110	1,110	1,162	-	-	-	327	-	325	-	1,315	-	4,349	4,940	169	9,458
Grants and assistance	-	-	-	-	-	-	-	-	-	-	-	123,617	123,617	-	-	123,617
Total functional expenses	\$ 1,055,520	\$ 356,552	\$ 1,171,592	\$ 154,654	\$ 42,319	\$ 161,652	\$ 207,321	\$ 107,795	\$ 90,079	\$ 95,647	\$ 547,781	\$ 123,617	\$ 4,114,529	\$ 1,021,191	\$ 620,584	\$ 5,756,304

Union League Boys and Girls Clubs

Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,726,252	\$ 1,658,240
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	524,997	533,179
Provision for bad debts	18,062	24,000
Change in realized and unrealized gain from investments	(1,707,752)	(1,963,644)
Change in cash surrender value life insurance	(6,530)	69,303
Donated investments	(125,649)	(153,084)
Change in fair value of beneficial interests in trusts	(486,483)	(711,986)
Contributions restricted for endowment	(13,000)	(286,376)
Gain on forgiveness of SBA PPP loan	(617,500)	-
Changes in operating assets and liabilities that provided (used) cash:		
Contribution and grants receivable	61,564	(46,629)
Accrued interest receivable	1,196	-
Prepaid expenses and other assets	49,240	67,708
Accounts payable	89,554	(73,611)
Accrued liabilities	106,437	29,625
Deferred compensation	39,672	34,253
Deferred revenue	(1,137)	(3,863)
Net cash used in operating activities	(341,077)	(822,885)
Cash Flows from Investing Activities		
Building improvement and purchase of property and equipment	(314,917)	(217,063)
Purchase of investments	(403,910)	(824,662)
Proceeds from sales and maturities of investments	669,205	1,533,268
Net cash (used in) provided by investing activities	(49,622)	491,543
Cash Flows from Financing Activities		
Borrowings from line of credit	-	150,000
Repayments from line of credit	(37)	(248,991)
Collection of contribution restricted for endowment	13,000	286,376
Proceeds from issuance of SBA PPP loan	617,500	-
Net cash provided by financing activities	630,463	187,385
Net Increase (Decrease) in Cash	239,764	(143,957)
Cash - Beginning of year	281,066	425,023
Cash - End of year	<u><u>\$ 520,830</u></u>	<u><u>\$ 281,066</u></u>

December 31, 2020 and 2019

Note 1 - Nature of Business

Union League Boys and Girls Clubs (ULBGC), located in Chicago, Illinois, is a not-for-profit corporation that provides social, educational, physical, and vocational development for boys and girls at its sites located in Chicago, Illinois and its summer camp located in Salem, Wisconsin.

Note 2 - Significant Accounting Policies

Classification of Net Assets

Net assets of ULBGC are classified based on the presence or absence of donor-imposed restrictions.

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 ULBGC. These net assets may be used at the discretion of ULBGC's management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ULBGC or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions, unless specifically restricted by the donor or by applicable state law.

Basis of Accounting

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

Cash

Cash consists of cash on hand and cash in banks that at times may exceed federally insured limits. ULBGC believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2020 and 2019.

Investments

Investments are reported on the statement of financial position at fair value. Investment income, including net realized and unrealized gains (losses), is recognized on the statement of activities and changes in net assets. Realized gains and losses are determined based on specific identification of securities sold.

ULBGC's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these factors, it is reasonably possible that changes in the value of investments will occur in the near term and materially affect the amounts reported in the financial statements.

A portion of the investments is restricted for collateral for the line of credit agreement with BMO Harris. See Note 9 for further disclosure.

Receivables

Receivables due within one year are carried at the original granted amount. Contributions and grants to be received over more than one year are recorded at the present value of their estimated future cash flows. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. All government grants and contracts are expected to be collectible within one year.

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost and depreciated over estimated useful lives using the straight-line method. Costs of repairs and maintenance are charged to expense as incurred.

Public Support and Revenue Recognition

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions with donor-imposed time or purpose restrictions are reported as restricted support. All other contributions are reported as support without donor restrictions. Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. However, if a restriction is fulfilled for an individual gift in its entirety in the same period in which the contribution is received, ULBGC reports the support as without donor restrictions.

Beneficial Interest in Perpetual Trust

ULBGC was named an income beneficiary for various beneficial interests in perpetual trusts. Under the terms of the perpetual trusts, ULBGC has the irrevocable right to receive a portion of the trusts' annual net income based on the percentage of the trust allocated to ULBGC but does not own or control the assets held in the trusts and does not have the right to distribute the trust assets. Payments from these trusts range between 12 to 100 percent of the net income generated by these trusts.

Income from all trusts is recorded at the time the payment is received. Income of \$219,705 and \$231,875 was received from these trusts during the years ended December 31, 2020 and 2019, respectively.

The interest in the trusts is stated at the estimated fair value of the assets based on the percentage of the trusts designated to ULBGC applied to the total fair value of the trusts, which is based primarily on quoted market prices of the trusts' underlying assets. ULBGC's share of the trusts' assets is included in the statement of financial position as beneficial interests in trusts and is classified under net assets with donor restrictions. The change in fair value of \$486,483 and \$711,986 was recorded in the statement of activities and changes in net assets based on the fair value measurements as of December 31, 2020 and 2019, respectively.

Life Insurance Cash Surrender Value

ULBGC is the owner of certain life insurance policies on various donors who have named ULBGC as beneficiary.

Donated Services and Assets

Certain donated services and assets are recognized as support in the statement of activities and changes in net assets. The value of donated services and assets is determined based on estimated fair value. During the years ended December 31, 2020 and 2019, ULBGC received approximately \$103,000 and \$34,000, respectively, of donated goods and services.

Use of Estimates

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statements of activities and changes in net assets and functional expenses. Costs are charged to program and support services on an actual basis. In addition, management has determined that allocations for certain employees' salaries should be allocated between program and support services based on the time spent in each function. Indirect costs have been allocated between the various program and support services based on estimates as determined by management. Depreciation expense is allocated based upon the physical location of the corresponding asset. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Tax Status

ULBGC is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 22, 2021, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for ULBGC's year ending December 31, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. ULBGC is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on ULBGC's financial statements as a result of ULBGC's operating leases, as disclosed in Note 8, that will be reported on the statement of financial position at adoption. Upon adoption, ULBGC will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the ULBGC's year ending December 31, 2022 and will be applied using the retrospective method.

December 31, 2020 and 2019

Note 3 - Liquidity

The following reflects ULBGC's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Cash	\$ 520,830	\$ 281,066
Contributions and interest receivable	295,323	660,439
Government grants and contracts receivable	901,028	616,734
Investments	<u>12,902,352</u>	<u>11,334,246</u>
Financial assets - At year end	14,619,533	12,892,485
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Borrowings on line of credit	601,511	601,548
Net assets with donor restrictions	5,192,276	4,768,244
Board-designated endowments	<u>4,589,499</u>	<u>4,192,381</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,236,247</u>	<u>\$ 3,330,312</u>

ULBGC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. ULBGC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, ULBGC invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. Included in short-term investments are board-designated endowments. These amounts are designated and, therefore, not available, but they could be used if needed with approval from the board.

ULBGC also realizes there could be unanticipated liquidity needs. As of December 31, 2020, ULBGC has available credit on the line of credit described in Note 9 that could be used to meet liquidity needs.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about ULBGC's assets measured at fair value on a recurring basis at December 31, 2020 and 2019 and the valuation techniques used by ULBGC to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that ULBGC has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

December 31, 2020 and 2019

Note 4 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. ULBGC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Investments:				
U.S. equity securities	\$ 11,269,210	\$ -	\$ -	\$ 11,269,210
U.S. mutual funds	4,606	-	-	4,606
U.S. money market mutual funds	263,855	-	-	263,855
Corporate bonds	-	1,354,338	-	1,354,338
U.S. government bonds	-	10,343	-	10,343
Beneficial interests in trusts	-	-	6,278,987	6,278,987
Total investments	\$ 11,537,671	\$ 1,364,681	\$ 6,278,987	\$ 19,181,339

Assets Measured at Fair Value on a Recurring Basis at December 31, 2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Investments:				
U.S. equity securities	\$ 9,727,040	\$ -	\$ -	\$ 9,727,040
U.S. mutual funds	3,556	-	-	3,556
U.S. money market mutual funds	274,032	-	-	274,032
Corporate bonds	-	1,319,406	-	1,319,406
U.S. government bonds	-	10,212	-	10,212
Beneficial interests in trusts	-	-	5,792,504	5,792,504
Total investments	\$ 10,004,628	\$ 1,329,618	\$ 5,792,504	\$ 17,126,750

ULBGC's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the year of the change in circumstances that caused the transfer. There were no transfers during 2020 or 2019.

Level 1 Inputs

U.S. equity securities, U.S. mutual funds, and U.S. money market mutual funds - Fair values were based on quoted market prices.

Level 2 Inputs

Estimated fair values for ULBGC's corporate bonds and U.S. government bonds were based on similar investments that are traded on the secondary market as of December 31, 2020 and 2019.

Note 4 - Fair Value Measurements (Continued)

Level 3 Inputs

The beneficial interests in trusts are stated at fair value, which is based on the percentage of the trusts designated to ULBGC applied to the total fair value of the trusts, which is based on quoted market prices of the underlying assets. Changes in the fair value of the underlying assets, as determined by the trustees that hold and manage these assets, are recognized in the statement of activities and changes in net assets in the period in which they occur. ULBGC has processes in place to select the appropriate valuation technique and assess the unobservable inputs contained in the Level 3 fair value measurements. These processes include obtaining the quarterly investment statements from trustees and calculating the fair value of beneficial interests in trusts based on ULBGC's interests in trusts.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2020 and 2019 are as follows:

	Beneficial Interests in Trusts
Balance at January 1, 2020	\$ 5,792,504
Change in fair value	486,483
Balance at December 31, 2020	<u>\$ 6,278,987</u>
	Beneficial Interests in Trusts
Balance at January 1, 2019	\$ 5,080,518
Change in fair value	711,986
Balance at December 31, 2019	<u>\$ 5,792,504</u>

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 5 - Investments

Investment income is composed of the following:

	2020	2019
Interest and dividends	\$ 266,268	\$ 349,655
Investment fees	(88,167)	(85,359)
Total	<u>\$ 178,101</u>	<u>\$ 264,296</u>

December 31, 2020 and 2019

Note 6 - Contributions and Major Gifts Receivable

In 2017, ULBGC launched a major gifts initiative for the opening of the Great Englewood Futures site. Contributions are recorded at fair value initially and present value thereafter. ULBGC discounted contributions due in more than one year using rates between 0.15 and 0.032 percent.

	2020	2019
Contributions	\$ 295,323	\$ 611,868
Major gifts initiative	-	47,375
Total	295,323	659,243
Receivable in less than one year	218,068	502,427
Receivable in one to four years	97,623	263,249
Subtotal	315,691	765,676
Less allowance for uncollectible contributions	(20,000)	(102,000)
Less allowance for net present value discount	(368)	(4,433)
Net balance	<u>\$ 295,323</u>	<u>\$ 659,243</u>

Note 7 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2020	2019	Depreciable Life - Years
Land and land improvements	\$ 825,675	\$ 831,675	-
Buildings and building improvements	11,951,227	11,746,621	3-30
Equipment	1,113,250	1,020,958	5-20
Furniture and fixtures	1,215,912	1,209,693	5-15
Construction in progress	17,800	-	-
Total cost	15,123,864	14,808,947	
Less accumulated depreciation	8,105,863	7,580,866	
Net amount	<u>\$ 7,018,001</u>	<u>\$ 7,228,081</u>	

Depreciation expense was \$524,997 for 2020 and \$533,179 for 2019.

Note 8 - Leases

ULBGC is obligated under operating leases primarily for vehicles and copiers, expiring at various dates through October 2023. Total rent expense under these leases was \$34,669 and \$36,096 for 2020 and 2019, respectively.

Note 9 - Line of Credit

ULBGC had a \$2,000,000 line of credit available in 2020 and 2019. The outstanding borrowing balance was \$601,511 and \$601,548 as of December 31, 2020 and 2019, respectively. Borrowings under the BMO Harris line of credit bear interest at the London Interbank Offered Rate (LIBOR) plus 1.00 percent (1.15 and 3.50 percent as of December 31, 2020 and 2019, respectively) and are secured by all of ULBGC's investments held with Harris Associates L.P. BMO Harris may withdraw funds from the investments upon default. In addition, ULBGC is required to meet a restrictive covenant related to additional debt. The agreement expires on September 20, 2022.

Note 10 - Employee Benefit Plan

As of January 1, 2013, a new plan was spun off of the Union League of Chicago's 401(k) plan and was restated as Union League Boys and Girls Clubs Employee 401(k) savings plan. The plan covers all employees with one or more years of continuous service. The plan provides discretionary employer contributions up to 3 percent of compensation. Contributions to the plan totaled \$54,517 and \$41,074 for the years ended December 31, 2020 and 2019, respectively.

Effective August 1, 2015, ULBGC adopted a 457(b) deferred compensation plan for select employees. According to the 457(b) plan, the participants are eligible to make salary reduction contributions. The amounts will be maintained on ULBGC's books in a designated account and will remain the sole property of ULBGC and be available to satisfy the claims of all general creditors of ULBGC. The assets and corresponding liability of the 457(b) plan are recorded in the statement of financial position as investments and deferred compensation, respectively.

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	2020	2019
Time and purpose restrictions:		
Program services - Purpose restricted	\$ 2,229,824	\$ 1,834,376
5304 S Avers property - Time restricted	140,000	140,000
Club One renovations - Time and purpose restricted	42,375	47,375
Total	2,412,199	2,021,751
Net assets to be maintained in perpetuity:		
Donor-restricted endowment fund - General	1,970,331	1,963,800
Donor-restricted endowment fund - Scholarships	735,553	722,553
Donor-restricted endowment fund - Camp	74,193	74,193
Beneficial interest in trusts	6,278,987	5,792,504
Total	9,059,064	8,553,050
Total with donor restrictions	\$ 11,471,263	\$ 10,574,801

Note 12 - Donor-restricted and Board-designated Endowments

ULBGC's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

ULBGC is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of ULBGC had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, ULBGC considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. ULBGC has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, ULBGC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of ULBGC and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of ULBGC
- The investment policies of ULBGC

	Endowment Net Asset Composition by Type of Fund as of December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 4,589,499	\$ -	\$ 4,589,499
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,780,077	2,780,077
Accumulated investment gains	-	741,197	741,197
Total	\$ 4,589,499	\$ 3,521,274	\$ 8,110,773

Notes to Financial Statements

December 31, 2020 and 2019

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 4,192,381	\$ 3,040,657	\$ 7,233,038
Investment return:			
Investment income	59,125	41,852	100,977
Change in cash surrender value	-	6,530	6,530
Net appreciation (realized and unrealized)	641,296	453,932	1,095,228
Total investment return	700,421	502,314	1,202,735
Contributions	-	13,000	13,000
Appropriation of endowment assets for expenditure	(290,303)	(34,697)	(325,000)
Other changes - Transfers	(13,000)	-	(13,000)
Endowment net assets - End of year	<u>\$ 4,589,499</u>	<u>\$ 3,521,274</u>	<u>\$ 8,110,773</u>

	Endowment Net Asset Composition by Type of Fund as of December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 4,192,381	\$ -	\$ 4,192,381
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,760,545	2,760,545
Accumulated investment losses	-	280,112	280,112
Total	<u>\$ 4,192,381</u>	<u>\$ 3,040,657</u>	<u>\$ 7,233,038</u>

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 4,270,144	\$ 2,390,070	\$ 6,660,214
Investment return:			
Investment income	79,481	41,815	121,296
Change in cash surrender value	-	(70,359)	(70,359)
Net appreciation (realized and unrealized)	841,030	442,476	1,283,506
Total investment return	920,511	413,932	1,334,443
Contributions	-	286,376	286,376
Appropriation of endowment assets for expenditure	(811,435)	(49,721)	(861,156)
Other changes - Transfers	(186,839)	-	(186,839)
Endowment net assets - End of year	<u>\$ 4,192,381</u>	<u>\$ 3,040,657</u>	<u>\$ 7,233,038</u>

December 31, 2020 and 2019

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires ULBGC to retain as a fund of perpetual duration. As of December 31, 2020 and 2019, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The long-term investment objective for the endowment funds is to generate sufficient income to support their programs, while preserving the related principal. The endowment funds, as approved by the board of trustees, are invested in a manner that is intended to achieve a net return that is at least as good as a portfolio composed of 70 percent marketable equity securities.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ULBGC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ULBGC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

ULBGC has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's fair value. Based on the long-term objectives stated above, ULBGC will only spend the endowment fund to support its programs, while preserving the related principal.

Note 13 - Related Party Transactions

All ULBGC trustees are Union League Club of Chicago members.

In-kind Donation

Union League Club of Chicago donated administrative office space to ULBGC, which is valued at approximately \$59,000 and \$34,000 for the years ended December 31, 2020 and 2019, respectively. The amount is reported as contribution revenue without donor restrictions in the statement of activities and changes in net assets and included in occupancy expenses in the statement of functional expenses.

Accounts Receivable

At December 31, 2020 and 2019, ULBGC had accounts receivable from Union League Club of Chicago for contributions from members totaling \$52,001 and \$79,170, respectively.

Accounts Payable

At December 31, 2020 and 2019, ULBGC had accounts payable to Union League Club of Chicago for expenses incurred by ULBGC at the Union League Club of Chicago (such as parking, meeting expenses, and special event expenses) totaling \$1,679 and \$1,898, respectively.

Note 14 - Impact of Disease Outbreak and Paycheck Protection Program Loan

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

December 31, 2020 and 2019

**Note 14 - Impact of Disease Outbreak and Paycheck Protection Program Loan
(Continued)**

On March 21, 2020, a shelter-in-place order became effective in Illinois. As a result, there were temporary closures of multiple sites and a transition of operations to a remote environment. Effective March 22, 2020, and continuing through the date of these financial statements, ULBGC remained in operation in accordance with social distancing guidelines, such that employees work full time in person with proper personal protective equipment or remotely.

While ULBGC's results of operations, cash flows, and financial condition were not significantly impacted, the extent of any future impact cannot be reasonably estimated at this time.

During the year ended December 31, 2020, ULBGC received a Paycheck Protection Program (PPP) loan in the amount of \$617,500. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and staffing level and salary maintenance requirements are met.

Prior to December 31, 2020, ULBGC applied for and received notification of forgiveness of the loan from the SBA. Loan forgiveness in the amount of \$617,500 has been recorded on the statement of activities and changes in net assets.